Prima opts for ECI

The ability of its new owner to invest and scale was behind Prima's decision to join the ECI family, reveals Stephen McLaughlin

Coinciding with this Technology Solutions issue of **OPI** is the news that UK-based firm Prima Software has been acquired by sector giant ECI Software Solutions.

The transaction – which closed on 31 July – brings Prima's cloud-native ERP and e-commerce platform into ECI's Distribution portfolio, expanding the latter's offering for independent business products dealers in the UK, Ireland and the US.

> "I spent a lot of time thinking about what would give Prima, our customers and our team the strongest future"

Texas-headquartered ECI has a history in the office products channel that stretches back more than 25 years. CEO Trevor Gruenewald described the deal as a "natural extension" of its mission to help independent dealers to thrive as they face rising customer expectations, pressure on margins and competition from e-commerce players.

Stephen McLaughlin

A PERIOD OF CHANGE

Former Prima CEO and company founder Stephen McLaughlin – whose official job title is now Product Owner at Prima, by ECI Software Solutions – told **OPI** that discussions about the company's future began around two years ago, with ECI one of three interested parties.

"The past two to three years have brought a lot of change to our industry," he explains. "We've seen [customer] consolidation, rapid advances in AI, increasing expectations around technology and growing demands related to cybersecurity and infrastructure."

He adds: "I spent a lot of time thinking about what would give Prima, our customers and our team the strongest future."

As the options were explored, McLaughlin says ECI stood out because of its existing knowledge of the dealer community combined with the resources to develop Prima's offering. "After everything we've built at Prima, the right partner had to understand not just the technology, but also the people and relationships behind it," he states.

McLaughlin believes that one of the main attractions of the combination is the complementary nature of the two organisations. "Prima has always been a relatively small, agile business. We know our customers well, we listen to them and, when something needs changing, we've always tried to act quickly," he affirms.

"ECI brings something we simply couldn't provide at the same scale: a much larger team, greater resources, investment and access to technology and expertise across the wider business."

AI, security and automation are among the areas where the additional capabilities should soon become apparent. Prima has been considering ways of automating routine dealership processes, improving reporting and making better use of data, but turning those ideas into products requires resources.

"The challenge for a smaller company is not necessarily having the ideas; it's having the

time, people and investment to turn those ideas into reality," McLaughlin notes.

One practical benefit is that Prima developers will be able to concentrate more closely on their primary roles, while ECI specialists handle areas such as infrastructure and security. "Ultimately, it means we can think bigger about the future of our software and have the focus to act," he states.

Gordon Christiansen

MINIMISING DISRUPTION

The immediate priority, however, is continuity. ECI executives have been spending time at Prima's UK office following the transaction and the two development teams have begun looking at how they will work together.

In an attempt to allay fears of disruption post-acquisition, Prima's customers have been told that their existing products, support contacts and relationships will remain unchanged. "You're not losing Prima – you're gaining a stronger Prima," McLaughlin insists.

"What is changing is the level of backing of a much larger, successful organisation: access to a larger pool of expertise and people and greater investment behind the product. In practice, that means faster turnaround on enhancements, more stability and features which would have taken us far longer to deliver on our own."

> "Choice isn't the scarce resource in this channel; viable [tech] providers are"

All Prima employees have transferred to ECI, with McLaughlin revealing that retention of the team was a key part of discussions. The Prima founder will also remain with the business for at least the next two years, working with both organisations during the transition and helping to develop Prima's software and marketplace.

He adds: "For me, the acquisition was never just about the software. It was about finding a future for the people, the customers and the business we've built. That's why it was so important to find a partner that understands the value of all three."

THE CONSOLIDATION QUESTION

The transaction has nevertheless prompted discussion about the wider consolidation of technology providers serving the business supplies channel.

Highlands Europe Managing Director Gordon Christiansen notes that ECI has spent more than two decades strengthening its dealer technology ecosystem, including through acquisitions such as Digital Gateway, Print Audit and PrintFleet.

Paddy Donnelly

While acknowledging the logic of achieving greater scale, Christiansen questions whether the shrinking number of independent software providers could eventually reduce choice for dealers: "Every acquisition promises business as usual and Prima's leadership has already reassured customers the company remains the same at its core. Yet a global software platform serving tens of thousands of customers inevitably has different priorities than a founder-led specialist focused on a single channel."

He continues: "Over time, this can influence everything from product roadmaps and integration priorities to pricing and customer support. None of that means the deal is a bad one, but it is another reminder that many of the tools dealers rely on to compete are increasingly controlled by a small number of large, well-capitalised technology platforms."

ANOTHER PERSPECTIVE

Paddy Donnelly, who sold ES Tech Group to ECI in 2022, offers a first-hand perspective based on his own experience. "Nobody dictated our roadmap; nor did anyone instruct us to deliver worse support," he reveals. "A few systems were consolidated and a couple of reporting lines shifted. Beyond that, it was business as usual."

More fundamentally, Donnelly queries whether having a large number of tech providers necessarily equates to meaningful choice. "Choice isn't the scarce resource in this channel; viable providers are," he asserts.

A software firm today must potentially fund an AI strategy, EDI development, cybersecurity and a compliance platform – simultaneously. Donnelly suggests that a dealer choosing between seven providers does not genuinely have seven options if several lack the resources to make those investments. Instead, there is a risk of becoming "stranded" a few years down the line.

"The most disruptive thing that can happen to a dealer is their software vendor going bust," he observes. This point neatly summarises the consolidation conundrum: dealers may crave more competition among their technology partners, but those same partners increasingly need scale to invest in sophisticated products which meet rapidly evolving requirements and regulations.

For McLaughlin, becoming part of ECI offers a solution that retains Prima's people, customer relationships and agility. Time will tell whether the move is ultimately a positive one for Prima's customers.