GAP
GROWTH ACHIEVEMENT PARTNERS
TOGETHER TO REACH NEW HEIGHTS

Future-Proofing Your Business

Elements of Future-Proofing

- Adjacent Market Growth
- Structure
- Business Transformation
- Strategy & Execution
- People Development

Today's Perfect Storm Driving Technology

Cloud Computing

Big Data

Social Media

Mobility

A day at the News-Stand

Impact on Businesses

"I am seeing a series of disruptions at a faster pace than I have seen in my career… the "Internet of Things" will bring 50 billion connected devices by 2020."

John Chambers
Cisco Systems

Jeff Immelt
GE

*"The Industrial Internet leverages the power of the cloud to connect machines with sensors and sophisticated software to other machines…they will deliver the right information to the right people, all in real time…this opportunity will bring $15 trillion to the global GDP by 2030…**the equivalent of adding another US economy to the world**."*

Disruption

- New ways of doing things that overturn the traditional business methods. *Business Dictionary.com*

- Advances will transform life, business, and the global economy.
  McKinsey & Company

- 12 leading technologies will have a potential economic impact of up to $33 trillion by 2025 *McKinsey Global Institute*

UBER airbnb coursera

"With the *overwhelming*, *unprecedented* growth in **social media**, **mobility**, and **cloud computing**……if all companies don't see the impact on every facet of their **business** and their ***lives***, they simply are not paying attention."

Marc Andreesen
Andreesen, Horowitz

USA TODAY

February, 2013

This is about Technology, not IT!

Technology is a tool

IT is a guy

The Business Owner

https://www.youtube.com/watch?v=jWTETDH2Jpc

Here we are again... Another Crossroad

Core Competencies for BTA Channel

1. Aftermarket/Recurring Revenue

2. Selling a Payment
   – Lease transactions or monthly service contracts

3. Customer Relationships

4. Business Model/Metrics

"Deep skills that cut across business units... they can become repeatable formulas for successful adjacencies."

Chris Zook

Managed Services "Must Do's"

- Ownership commitment & involvement
- Staff 6 months ahead of needs
- Dedicate roles, and look outside if needed
- Proper list development is critical
- Say within the target market of 10-100
  – "We wish we would have been more diligent to the target market sooner." – Every dealer that has come before you
- Train and educate reps, and role play a lot
- Position the vCIO as the vCIO, not the IT guy
  – The dealers with the best vCIO's win more deals

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The vCIO

- **The vCIO role is the key role to the success of the program**
  - Pre-Sales Support
  - Post-Sales Administration and On-going Account Development
  - Provides significant differentiation
  - Becomes the CIO SMB's want…and need
  - "Don't cheap out here!"

- **Characteristics:**
  - A – Energized by technology
  - S – Able to describe technical subject matter to a business level audience (verbal and writing skills)
  - K – Demonstrated knowledge of networking and strategy (hands on and planning level)

Word from the street..9-17-15

- Prospects are more aware of managed services and cloud and it has become easier to discuss
- You have the right program and products to fit prospect needs
- Competition has increased and prospects are getting multiple proposals
- "We've got a guy" is still the most common objection
- The sales process works!

List Development & List Management

- As markets develop, sales efforts tend to be focused to "informing and educating" suspects and "seeking" ones that are looking to be ahead of the curve.
- As that market matures and becomes more commonplace, sales must adapt to "identifying and prioritizing" the right prospects and "targeting" them with answers to what they need **TODAY**.
- List development is typically a challenge
  - Too often your "list" is your active pipeline
- Need enough at-bats and a group to nurture
- "Demand Fulfillment" and "Demand Generation"

Critical Success Factors (CSF)

	Critical Success Factor	*Description*	*GAP Model @ Maturity*
1	Average Seats Per Contract	Size of Contract by Seats	20
2	Contracts	Number of New Contracts Written (annually)	30-36 per MS Sales Rep
3	Revenue per Seat	Contract Value/Total Seats	$80
4	Seats Managed per Engineer	Includes vCIO, SE, TSC	200
5	Traditional IT Service and Support	Projects and Billable Support per Mo./Per vCIO/Eng.	$3,118
6	Hardware Software Mix and Margin	HaaS and Cash Equipment Sales	35%+

Slide 1

INCOME STATEMENTS FOR PERIOD	Group Average	
REVENUES		**Mix %**
Total HaaS Rental		
Total HaaS	$ 1,912	1.0%
Total Hardware / Software for Cash	$ 51,967	28.0%
Total All Hardware/Software Revenue	$ 53,879	29.0%
Total Traditional IT Service & Support	$ 30,424	16.4%
Total Insourced Managed Services	$ 39,127	21.1%
Total Outsourced Managed Services	$ 44,736	24.1%
Total All MS Services Revenues	$114,287	61.6%
Other MS Revenues	$ 17,441	9.4%
Total MS Revenues	$185,606	100.0%
COGS		**COGS%**
Total Hardware as a Service (HaaS) Rental	$ -	
Hardware as a Service (HaaS)	$ 1,219	
Total Hardware / Software for Cash	$ 43,390	83.5%
Total All Hardware/Software COGS	$ 44,609	82.8%
Total Service Department COGS: Labor	$ 42,254	37.0%
Total Outsourced Managed Services	$ 9,907	22.1%
	$ 17,220	
Total All MS Services COGS	$ 59,222	59.1%
Other MS COGS	$ 9,824	0.0%
Total MS Cost of Goods Sold	$115,090	62.0%
Total MS Gross Profit	$ 64,131	34.6%
SG&A EXPENSES		
Total Sales Compensation	$ 14,465	7.8%
Total Other Sales Expenses	$ 1,210	0.7%
Total Sales Expenses	$ 15,646	8.4%
Total Administrative Expenses	$ 28,286	15.2%
Total SG&A Expenses	$ 43,932	23.7%
MS CONTRIBUTION	$ 20,186	10.9%

The MSP Model Works

PRODUCTIVITY AND STAFFING	Group Average
Total MS Sales	2
Total MS Service-vCIO	3.0
Total MS Service-Engineering	5.7
Total MS Service	8.7
MS - Admin	2.3
Total MS Employees	12.4
Service/Sales Headcount	4.3
Seats Managed per vCIO/Engineers	164
Seats Managed per vCIO	395
Customers per vCIO	22
Monthly Revenue per Employee	$13,837
Monthly Revenue per Sales Employee	$90,407
Monthly Service Revenue per Service Engineer/vCIO	$13,504
Monthly Traditional Service & Support per Engineer/vCIO	$3,179
Monthly Net Revenue per Sales Employee	$70,036
Monthly Net Revenue per Service Employee	$15,803
Contracts/Metrics	
Year to Date Rev % of Company	
Number of Devices Managed	1338
Number of Servers Managed	154
Number of Seats under contract	1184
Number of Seats under HaaS contract	60
HaaS %	2
Number of Managed Services Contracts	67
Average Seats Per Contract	20.3
Monthly Recurring Revenue per Device	$60.24
Monthly Recurring Revenue per Seat	$67.86
Monthly Recurring Revenue per Contract	$1,395.30

Slide 2

Acquisitions as a Strategy: MSP Market

- Organic growth is slow and painful

- There is too much of a temptation to seek the wrong business just to get a few contracts

- Acceleration & Synergy

- Its Getting Late

For Immediate Release

Mike Dudek, Zygoquest Group & Mitch Morgan, Growth Achievement Partners

**Advised Brad Knepper and All Copy Products on its Acquisition of an MSP**

*Zygoquest & Growth Achievement Partners
formed an alliance to specialize in MSP Mergers & Acquisitions*

September, 2015 - Mitch Morgan of Growth Achievement Partners and Mike Dudek of Zygoquest Group "seeking to unite" served as the advisor to Brad Knepper and All Copy Products, Inc. on its acquisition of a Managed Services Provider (MSP) named Verticomm Technologies. Terms of the transaction are confidential.

Mike Dudek and Rich Wisniewski of Zygoquest specialize in Mergers and Acquisitions (M&A). Mitch Morgan and Chris Ryne of Growth Achievement Partners have extensive IT and Managed Services expertise.

Zygoquest and Growth Achievement Partners formed a strategic alliance to provide owners with end-to-end MSP Mergers and Acquisition services including advisory, legal, and post-closing integration services to maximize growth and profit. Owners and executives who wish to initiate an acquisition or sale of an MSP should email or call Mike Dudek (610) 873-6555 or Mitch Morgan (913) 269-7255.
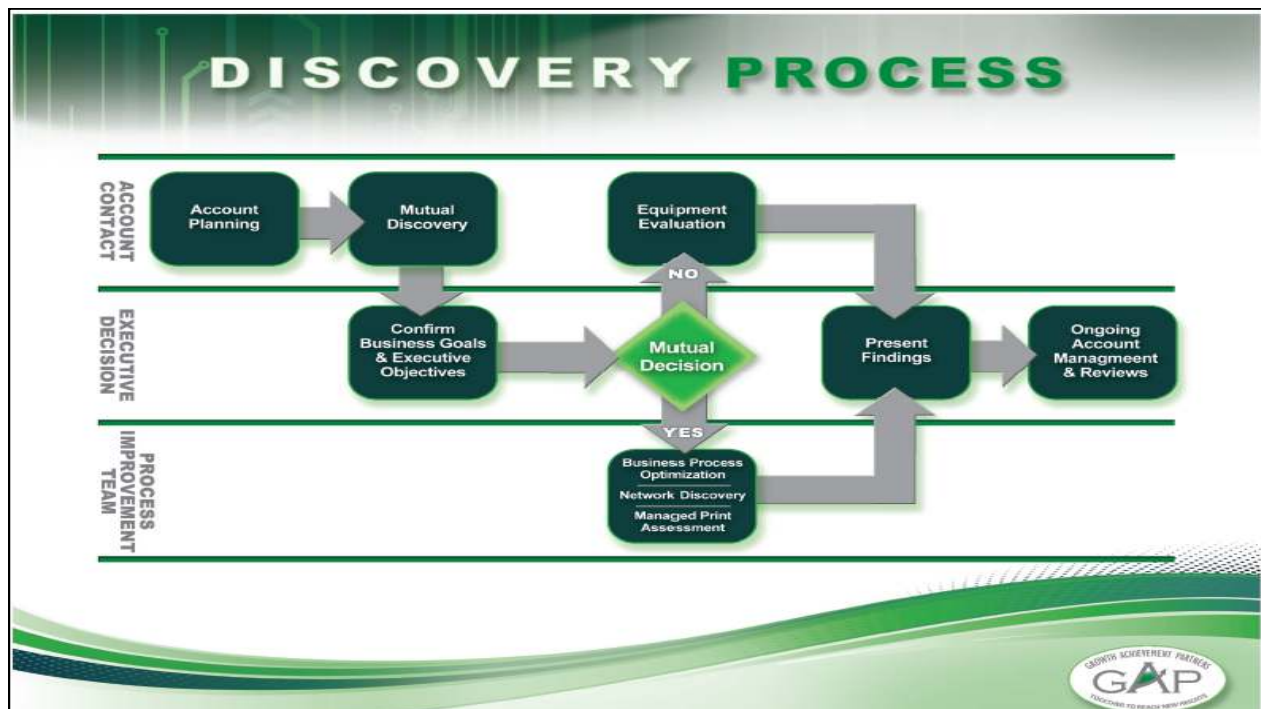
Focus is on Business Processes

- Every business is a series of Business Processes, starting when the time the door opens for business

- What are they?
  - A group of activities that lead to some output or result
  - The means by which work gets done
  - A mechanism to create and deliver value to a customer
- Why are they important
  - They describe *virtually all work activities* in an office or manufacturing environment
  - 60% of the cost of a Product or Service is based on a series of Business Processes

Where do organizational problems originate ?


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HERE and NOW

- The concepts that we teach require in many cases a significant behavior change.

- In our experience only 20% +/- of sales reps can **immediately** "cross the chasm" to broader, higher, "bigger message" solutions sales. Others take more time.

- We can point (with pride) to many examples of reps that have crossed the chasm quickly.

- Development of the entire rep population is critical

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Getting There from Here & Now

STRATEGIC SALES PROCESS

- Industry Trends

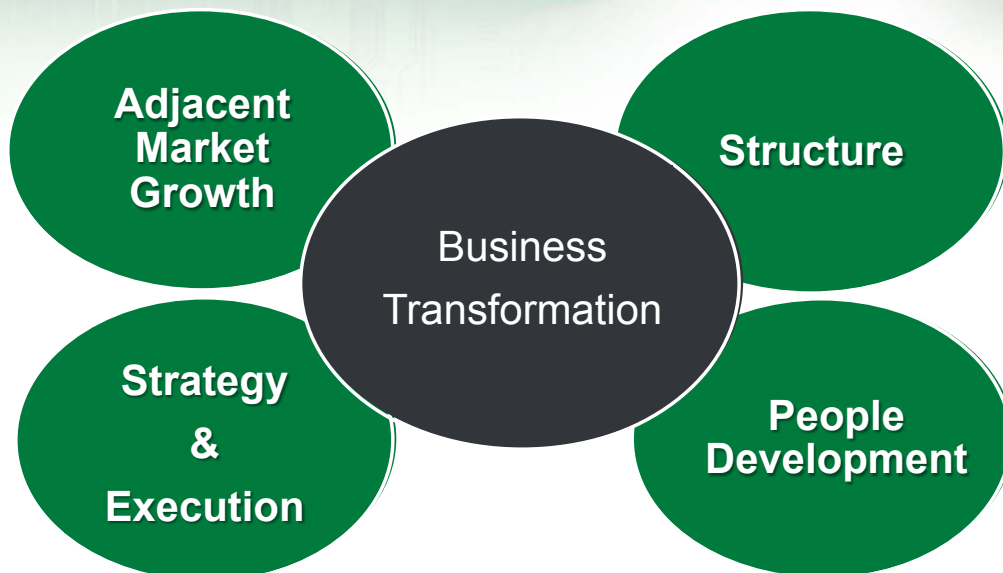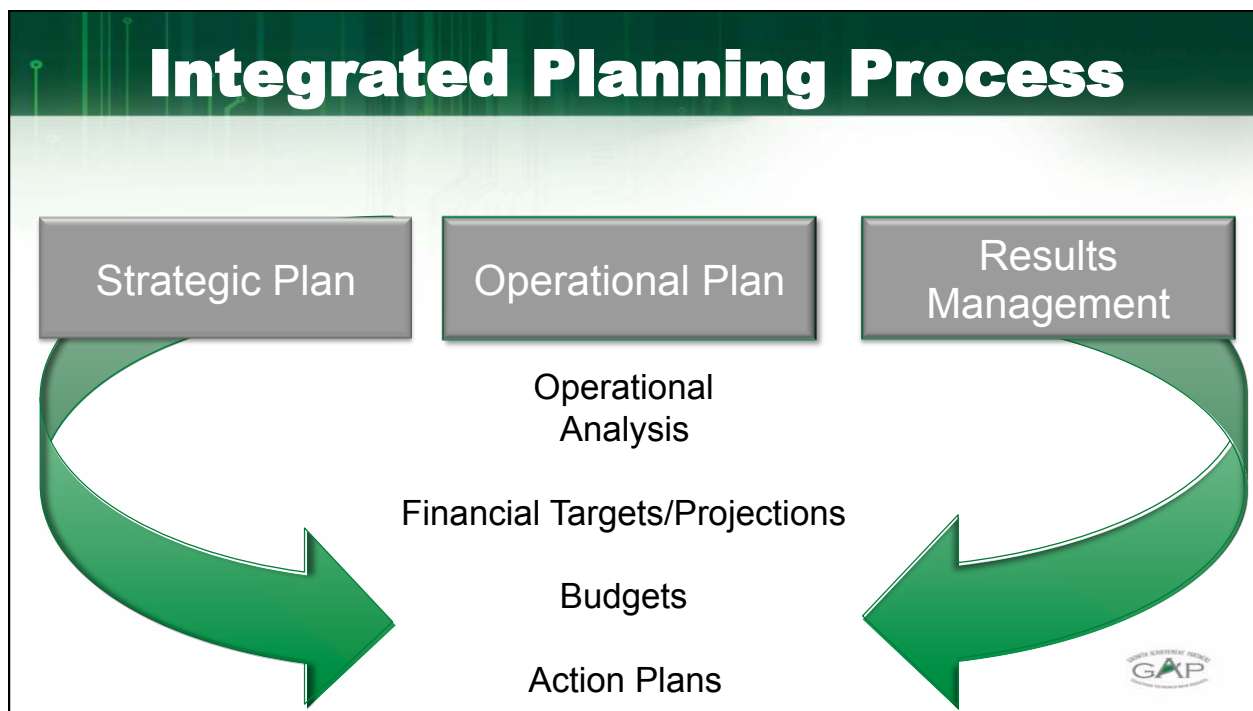- Business Goals

- Business Processes

- Solutions
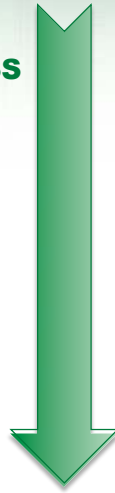
HERE AND NOW PROCESS

- Extend current functionality

- Wrap solution into upgrade

- Determine Business Processes that are supported

- Broaden Solution

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Elements of Future-Proofing

Adjacent Market Growth

Structure

Business Transformation

Strategy & Execution

People Development

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Integrated Planning Process

Strategic Plan

Operational Plan

Results Management

Operational Analysis

Financial Targets/Projections

Budgets

Action Plans

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