

Fabulous Phones

Three dealers discuss the VoIP opportunity

by: Brent Hoskins, Office Technology Magazine

Have you taken a look at VoIP phone systems lately? They provide functionality far superior to legacy phone systems, savings for customers and greater reliability than you may realize.

To provide you with a better view into the opportunity, below are profiles of three dealerships focused on their VoIP-based offerings. Perhaps their comments will provide you with some welcomed insight and guidance.



DSI

After 13 years as an employee of Lanier Worldwide, Phil Houser decided he was ready to start his own business. Like a number of other new entrepreneurs in the office technology industry at the time, he began with cartridge remanufacturing. “We literally started in a 10-by-10-foot office with zero customers,” he says. “So, there has been a lot of blood, sweat and tears over the years to develop what we have today.”

Yes, Houser’s hard work and that of his team has paid off. Today, 25 years later, DSI (previously branded as Document Solutions Inc.), a Konica Minolta, Sharp and Epson dealership headquartered in Albuquerque, New Mexico, has 70 employees and six locations. “We have five divisions — DSI Imaging, DSI Technology, which is our IT company, DSI Security, DSI Finance and we have an AV/solutions division,” says Houser, who serves as CEO. “We’re not a traditional dealership anymore; that’s for sure. There are so many solutions and products that we support in today’s environment.”

That includes VoIP phone systems. About four years ago, Houser was introduced to Crexendo Inc. He did look at other VoIP providers at the time. He cites a prospective sales opportunity with one VoIP provider he was considering as a vendor partner, but the company “wasn’t ready to look at anything outside of certain parameters; they were a little stricter on what they could do.” So, Houser turned to Crexendo. “They said, ‘Yes, we can do that.’ That opened the door for us. Plus, we had heard nothing but really positive things from other dealers who were selling Crexendo.”

That first customer was a school district. “When we start something new, we don’t start small,” Houser says. “Our first VoIP phone installation was 1,200 phones. They had some contract language they were requesting that was a little out of the norm. However, Crexendo was flexible enough to come in and make it happen. They did all of the heavy lifting, helped us respond to the RFP and, lo and behold, we won the deal [Crexendo also handles the VoIP billing for

DSI]. This deal has offered an amazing annuity stream on 1,200 phones every single month.”

That annuity stream is the primary appeal of VoIP, Houser says, noting that DSI Imaging receives revenue from the sale of the equipment and DSI Technology — providing the SME or vCIO — receives the annuity portion from VoIP deals. “It provides an additional resource for your customers without a lot of heavy lifting on your part,” he says. “How often do our customers change their phones? Not very often. So, you have this annuity stream from now until eternity. It’s one of the most beneficial revenue streams that you can get.”

At DSI, Crexendo products are offered through the DSI Technology division. Today, that division contributes approximately 15% of the dealership’s overall revenues, Houser says, acknowledging that the VoIP contribution is currently a “very small” percentage within that 15%. “But, again, it’s recurring income,” he says. “Say, for example, you are receiving \$10,000 a month from VoIP installations. You do very little to receive that annuity stream; that’s \$10,000 a month you didn’t have previously.”

Despite the revenue contribution from DSI Technology today, Houser predicts a substantial increase in the future. “Our IT division should be as big as our imaging division in the years to come,” he says. “IT is the gift that keeps on giving. It’s just like VoIP systems. Businesses don’t want to have to change their IT infrastructures. They want to keep you in place as long as you are providing great service and support.”

Looking to the future, Houser says “there is a huge

opportunity there for us,” regarding the market for VoIP systems. “Analog phone systems are completely going away, so there’s a transition underway,” he says. “Something like 65% to 70% of the population is using analog lines. They will be transitioning from analog to digital and, in many cases, moving to ‘soft phones,’ eliminating desk phones all together.”

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— Phil Houser
DSI

One of those “right partners” is Zultys, a provider of VoIP phone systems. “GoodSuite set out to find a partner in the VoIP space that places service before everything,” Portera says. “Zultys was the most attractive.”

The appeal of Zultys is multitiered, Portera says. “For example, they provide the ability on every deployment to have access to a ‘cloud desk’ with a one-touch support button

that answers calls live,” he explains. “That one-touch button provides an average hold time of 16 seconds for live support, keeping VoIP service issues off the IT desk, driving a boutique level of service.”

Portera also shares two other areas of praise for Zultys. One: “From their vice president down to their day-to-day manager, they are willing to jump in and do sales calls. They are willing to negotiate pricing and do whatever it takes to help GoodSuite win the deal.” Two: “They handle the onboarding without GoodSuite having to get involved. So, we can hand the client off, saying, ‘You have an onboarding specialist at Zultys who is going to walk you through everything.’ The onboarding is crucial because you cannot overcome a negative first impression on phones even if the system is amazing.”

More dealers should be considering selling VoIP phone systems, Portera says. “If you are not selling VoIP to your clients, somebody else is — and that allows competitors to sell your clients services that you already provide them today,” he says. “If you own the network, you own the environment. And since phones, nowadays, traditionally live on the network, you have to own that part of the network, too. Fortunately, it’s the easiest technology sale for any dealership. It requires the least amount of training and business acumen, and is the one thing no company can say they don’t use. There is no way a client legitimately says: ‘We don’t use a communication platform.’”

Verticomm Technologies

Like that of many dealerships, All Copy Products’ focus on managed IT has evolved through the years. It began about 12 years ago with the establishment of ACPIT, the result of the dealership’s imaging customers seeking IT support from the company. “About 10 years ago I came on board,” says Calvin Wanner. “At the time, we were known as a copier company trying to do IT.”

Fast forward to 2023. All Copy, a \$130-million-plus Konica Minolta, Sharp and Canon dealership headquartered

GoodSuite

At GoodSuite, a Sharp and HP dealership headquartered in Woodland Hills, California, with additional locations in Fresno and Pismo Beach, California, there are two primary reasons to sell VoIP phone systems. “To deliver VoIP services correctly, you have to review the prospect’s network and evaluate whether or not it will adopt your VoIP solution seamlessly,” says Brent Portera, vice president of technology services. “This newfound familiarity with the customer’s network nearly always leads to an IT services opportunity. So, the two primary reasons GoodSuite offers VoIP services: to deliver a world-class communication platform and start the managed network services [MNS] conversation.”

The strategy has paid off. “VoIP has become one of our primary sources of leads for our IT contracts,” Portera says. “If a customer is legitimately sourcing a new VoIP system, we close nearly 75% of those deals — and nearly 80% of those clients turn into IT clients.”

It wasn’t always that way. When he joined the dealership in 2018, it “had been delivering some IT agreements, but they were primarily break/fix and time-block models,” Portera says. “This is commonplace in many traditional copier dealerships when transitioning to managed services.” A lot has changed since then. “In 2022, IT accounted for nearly 20% of our total business. In 2019, it was less than 4%. So, yes, we had that kind of growth over the last two years, and what’s impressive is GoodSuite did not relinquish its imaging sales focus; we had growth in both areas.”

The IT services growth was, in part, the result of a major revisioning of the company. Until 2019, GoodSuite was Copier Headquarters. With the transition to the new name came a new way of doing business. “The foundation of the new name is this: We want to be a company that provides one hand to shake when it comes to technology guidance, support and evolution within our customers’ organizations,” Portera says. “So, 2019 was a year of building, branding and finding the right partners for GoodSuite.”

in Denver, Colorado, with 11 additional locations in Colorado, Arizona, Kansas and Nebraska, now has a new IT division, Verticomm Technologies. The IT division also serves customers of Gobin's Inc., with seven locations in southern Colorado; Gobin's merged with All Copy in April 2021. Wanner serves as director of IT sales at Verticomm.

"We provide managed network services, VoIP phone systems, security cameras, access controls, cloud infrastructure, etc.," Wanner says. "The division represents about 10% of All Copy's business right now. We were at about \$13 million last year. We expect to be at about \$16 million to \$18 million next year."

About four years ago, Verticomm selected Intermedia as its VoIP phone systems provider. "Their price point and products are among the best," Wanner says. "In addition, they are a leader in innovation. They also rank pretty highly in the Gartner Magic Quadrant."

Intermedia has proven to be "an awesome partner; they essentially provide unlimited support," Wanner says. "Let's say we're working on an opportunity, and we need them to jump in at both a technical and consultative level. They will get on the call and help us provide a solution to that client. On the back end, if we need help with an install or we're having challenges, they will jump in and help us out there, too."

While its level of support is well received, Wanner emphasizes the importance of Intermedia's ability to position Verticomm at the forefront in the eyes of its customers. "For example, they bill us and we bill the customer," he says. "We really appreciate that, because we want to own the customer." With some VoIP companies, he says — advising fellow dealers who may be considering adding VoIP — there may be the perception of a "slight of hand"; that is, customers are led to say:

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— Brent Portera
GoodSuite

"Hold on a second, you sold this to me and now you're telling me I'm working with another company?" In those cases, "what you are doing is you're selling the product, but all the service and support goes directly back to the VoIP company," he says, noting that the selling dealership could "get a bad name" if that service and support is poor. "Instead, you want the customer to know that you

provide the solution and service, and they will call you if they are having any challenges."

Verticomm has experienced substantial growth with VoIP over the past four years with Intermedia, Wanner says. "We've achieved a 50% compounded growth rate year over year," he says. "We're generating about \$250,000 monthly in recurring revenue with our VoIP-based products."

Today, VoIP phone systems, through the IT division, fit well into All Copy's current cross-selling initiative, Wanner says. "We are heavily involved in making sure our copier customers have our VoIP-based or IT products, and that our VoIP-based and IT customers have our copiers," he says. "Everyone is pounding the pavement asking customers the same five questions: 'What are you doing for copiers? What are you doing for IT? What are you doing for supplies? What are you doing from home? What are you doing for security cameras?' They all blend together nicely. The days of just being a copier company are becoming outdated. Diversifying your portfolio with the right solutions and the right strategic partnerships is now the norm — being that one-stop shop." ■

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