Managed IT Services
Yes, say these three dealers, it is a 'bright idea'

by: Brent Hoskins, Office Technology Magazine

Increasingly, office technology dealers are pursuing the managed IT services opportunity. Some are currently starting small. Others are well on their way and going big. Either way, they have seen the light in terms of embracing the opportunity, given the many compelling reasons to diversify their offerings.

Following are brief profiles of three BTA member dealerships focused on managed IT services. Perhaps they will inspire you to take another look at this opportunity.

Integrated Technologies

Today, managed IT services contributes more than half of the revenues at Integrated Technologies, based in Twin Falls, Idaho. "It is the biggest piece of our business," says Mike McCurdy, who co-owns the dealership along with business partner Scott Wilson. "The revenue generated from IT has surpassed the revenue generated from office equipment. That being said, the office equipment piece is still very profitable."

Office equipment may be profitable, but it is lackluster, McCurdy says. "There's no growth there; it's a paltry half a percent a year, if we're lucky," he says. "But the IT side has been growing at a pretty good clip. In fact, VoIP is probably the number-one thing we're selling right now."

Crexendo and Zultys VoIP systems are only a part of the dealership's IT offerings. The portfolio also includes remote monitoring and remediation by way of ConnectWise, CompleteCloud from Avatara, network security from WatchGuard and on-site assessments, integration and configuration offered by the dealership's team of IT professionals. Integrated Technologies is a full-line HP dealership and also offers Sharp and Xerox imaging products.

In recent times, McCurdy says the revenue from IT services helped the dealership meet the challenges presented by the COVID-19 pandemic. "We feel very blessed that we were where we were with the IT space and the cloud offerings we provide, because the pandemic actually launched those forward more quickly than we had scheduled," he says, emphasizing the monthly recurring revenues generated by the various IT offerings. "I've replaced tenfold any of the business or pages I've lost in the last couple of years."

Integrated Technologies was created by way of the 2010 merger of McCurdy's previous company, Magic Valley Business Systems, which he purchased in 2009, and Wilson's company, Trilogy Network Systems, founded in 1999. "I wanted to get into IT, but I didn't want to integrate with a failing company," McCurdy says. "It was not easy to get Trilogy, but it was the best IT company within hundreds of miles. They built a stellar reputation and when I set out to bring IT on, I didn't want to bring on IT and figure it out. I wanted to bring on IT with the best company in the area."

Even after merging with the best IT company in the area, McCurdy says it has always been important to have the right partners outside of the company. "Partner with a company that already has the managed services piece figured out — like Collabrance or ConnectWise," he says, advising his fellow dealers. "They've already got the infrastructure figured out. Follow what they tell you to do precisely. Don't try to change it or think you know better. They've been down this road; they know what they're doing."

One of Integrated Technologies' key partners has been Technology Assurance Group (TAG), a membership organization that is guiding office technology dealerships as they enter the managed IT services space. "TAG has significantly changed what we do," McCurdy says. "They don't just come in and help you with selling managed IT services — although they are really good at that. They can help you understand what in your dealership is working, what isn't working and help to pinpoint problems. In our case, we had to go back

and change our entire sales process because it was negatively impacting the growth of the managed services side of our business."

Beyond partnering with the right companies, McCurdy advises dealers to proceed judiciously. "Pick something, get good at it and then add something else," he says. "For example, sell VoIP and get good at it before you add managed IT services or vice versa. If you try to be all things to all people, you're generally never that great at any of it."

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Managed Solutions Group

Michael Molony, vice president and co-owner of Managed Solutions Group, based in Dubuque, Iowa, is quick to emphasize that an effective managed IT services provider should not be seen by any customer as an inhibitor of growth because of the monthly fees being incurred. His message to the IT customer regarding the ideal provider: "They actually should be helping you grow your business, to be more efficient, plan better and provide you more uptime. That way, workers are as efficient as humanly possible while at work."

Molony notes that he is confident that customers see the dealership as the type of provider he describes. "We do a good job upfront detailing what they have, sharing our best practices and explaining how we see the plan for that company — today, a year from now or a couple of years from now — putting themselves in the best position," he says. He recommends that other dealers do the same if they are not doing so already. "If you look at ticket trends within the environment — after you've gone in, completed a full look at everything they have and require that they follow your exact recommendations (however long that may take) — you will start to see the number of tickets go down and the customer's productivity go up, which, for everyone, means more money. If they are working faster, they will look for more services from you."

The strong focus on customer needs was paramount at Managed Solutions Group from the start. The company was formed by Molony's father and a business partner in 1991, at the time focusing primarily on providing IT services to a single multibillion-dollar manufacturer based in the Midwest. "We helped the company take all of its business units to where corporate could centrally manage their IT; we were that provider," says Sheila Siegert, operations manager at Managed Solutions Group. "We went from 32 employees up to 120 to support its environment."

Ultimately, the dealership transitioned away from supporting the manufacturer to becoming a traditional IT provider with a smaller staff, serving customers throughout Dubuque and the surrounding area, including a few original customers. "We did have several customers from the start," Siegert says. "I can name several of them today that we've been doing business with since 1991 in different facets — some manufacturing, some financial, some whatever. We've evolved as they've evolved in the type of solutions that we provided back then."

Kurt Gudenkauf, managed network services solutions manager at the dealership, joined the company nearly seven years ago, but fully supports the level of focus on the customer that has been the mainstay from the beginning. That focus is apparent in his advice to other dealers. "Listen to your customers; they are going to drive a lot of the conversations," he says. "They are going to determine the direction of where your company is going to go. For example, a few years ago, nobody was talking about Office 365; now it's a big thing. All of our clients came to us and said: 'You have to start offering this.'"

Managed Solutions Group is not alone in serving its customers. The dealership has partnered with Collabrance LLC, a GreatAmerica Financial Services company based in Cedar Rapids, Iowa, which serves as its network operations center (NOC) and help desk. "We're offering everything they offer — firewalls, user support, RMM, NOC, security stack, backup, Office 365; we're doing everything we can with them," Gudenkauf says. "It's easy to say you've got a 24/7 help desk, but when you can say, 'It's not only U.S. based, but it's Iowa based,' people love that here in eastern Iowa. We are a 17-employee dealership and if a client brings us an opportunity with 120 users, they're wondering how we are going to do that. We tell them we're backed by a service desk in Cedar Rapids."

Repeat Business Systems

Like essentially all office technology dealerships, when analog copiers became digital MFPs, Repeat Business Systems, based in Albany, New York, hired someone to connect MFPs to networks. However, unlike many dealerships, that was only the start of a significant area of growth at Repeat. "It's about 20% of our business right now, maybe more," says Dawn Abbuhl, president of the dealership,

Insight of the Month
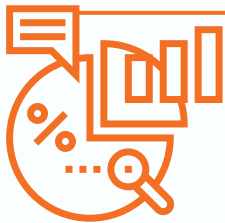
Managed IT Services:
What IT Directors Are Buying

Security is #1

Every IT director interviewed indicated cybersecurity is an area they outsource.

Other key areas outsourced

- Infrastructure as a service
- Managed print services
- Data center
- Help desk

Reasons for outsourcing

- More cost-effective
- Lack of in-house expertise
- Free up IT bandwidth
- Limited labor pool available to hire

Reasons for selecting a provider

- Experience and expertise
- Reputation of company
- Referral from trusted source
- Competitive cost

Areas planned for outsourcing

- Security (even more)
- AI/machine learning projects
- Application development

Services sought: Penetration testing/risk assessments, intrusion detection, Security Operations Center, vCISO, network/endpoint monitoring/management, email security/phishing-scam training

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regarding the revenue generated by its managed IT services department. "I would really love to see it between 30% and 50%. Certainly, I think that our future is headed in that direction."

Much of the growth in IT services at Repeat since the arrival of that lone connectivity technician is the result of acquisitions. "Sometimes the acquisition was for talent, sometimes it was for marketing and sometimes it was for technology experience," Abbuhl says. "We've done many acquisitions; I think our first IT acquisition was about 15 years ago."

While IT is proving to be an area of significant growth at Repeat, its heritage is similar to that of many dealerships. "My husband [John, who serves as CEO] and I started the dealership in 1987," Abbuhl says. "We started with Sharp fax machines and quickly moved into Ricoh copiers. Today, we offer Quadient mailing solutions; VoIP, as well as our full IT component; lots of software; back-file scanning; lots of workflow solutions; professional services; and, of course, [Ricoh] MFPs and printers, and managed print services."

Abbuhl shares some advice on how other dealers can optimize their level of success when entering the managed IT space. "The best thing we ever did was to hire the best engineer that we could find; it's been worth every penny," she says. "It is also important to make sure that staff members are cross-trained and have expertise on, for example — like in our case — ConnectWise or Datto. You have to make sure that, if someone leaves, is on vacation or whatever the situation is, someone else can step in to complete tasks."

In addition, dealers should not rush into taking on new IT-related technologies, Abbuhl advises. "Don't start selling something before you've been completely trained, cross-trained, tried it a 'million times' and are really an expert at it," she says. "I get excited about every new technology, but when something new comes out, we make a plan, beta test it, get trained, and establish marketing and commission strategies. The whole thing has to be fleshed out in a systematic and organized way."

Abbuhl says Repeat's success with managed IT also illustrates the need to have the right partners. As noted, her dealership partners with ConnectWise, a provider of IT management software and services. "In 2020, we acquired a company in the western part of New York that had been using ConnectWise for almost 20 years," she says. "We had tried a variety of different solutions and were never that excited about any of them. However, because that acquisition was so familiar with ConnectWise, we definitely wanted to implement it in all of our locations. It is really increasing our productivity and helps us with the quality of our service, giving us more control over everything. We do use ConnectWise's remote monitoring and management tool, but my favorite is its

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documentation module, because, to me, the most important thing is to have very good records. That way, if someone is out, the next person will be equally adept at knowing exactly what's been done."

Customer satisfaction with Repeat IT services offerings is very high, Abbuhl says. "I go to sleep happy and proud every day with my IT company," she says. "We can give people hundreds of references knowing that if you call them randomly, you will always get the same story." ∎

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