

Managed IT Services

Three dealers share their successes & advice

by: Elizabeth Marvel, Office Technology Magazine

Managed IT services is becoming an ever-more-popular offering in office technology dealerships today, with the hope that it will increase revenue and reduce reliance on print. Has your dealership ventured into the realm of managed IT? Below are profiles of three dealerships focused on their managed IT offerings. Their stories and advice may be of assistance as you consider adding your own managed IT offering, or help to improve one you may have already.

Automated Business Solutions

Automated Business Solutions (ABS), headquartered in Warwick, Rhode Island, has been offering some form of IT services since 2000. The company, which has seven offices in four states and about 90 employees, offers an array of products and services in addition to IT — Canon, Formax, HP, Lexmark, KIP, Kodak Alaris, Kyocera and Sharp products; managed print; and Zultys VoIP phones.

The dealership started its IT business with break/fix service and, in 2015, it expanded into fully managed IT. “We entered into IT at the beginning of the digital age when copy machines were being connected to the network and customers needed some kind of IT presence,” explains Mike Ardry, president of ABS. “We started with IT in 2000 doing break/fix and building PCs for customers, and it grew from there.”

Today, ABS’s IT offerings include firewall security, cybersecurity, email security and more. “There’s a lot of focus on security and uptime for our customers’ networks, but I can’t really think of anything [IT related] that we don’t do,” Ardry says. “When we launched IT originally, we would tell customers, ‘You know, we do IT.’ But now we market it as, ‘If you’re happy with your current IT company, please stay with them because everyone has to trust their IT company unconditionally. But if you’re not happy, let’s sit down and talk and we’ll put a package together for you.’”

The company’s IT department includes seven techs, one admin and one salesperson who work out of three ABS offices.



When it comes to hiring IT staff members, Ardry stresses the importance of finding the right people. “There are different levels of techs, so the requirements really depend on what we’re hiring for,” Ardry says. “A Level 1 help-desk person may not have that much experience or some certifications ... but we believe in promoting from within, so we’re not afraid to hire that green person, put them on the help desk, train them and, eventually, they can become

an on-site engineer.

“It’s difficult to hire IT people right now, especially quality people,” Ardry continues, explaining his view of the IT job market. “I think the industry has grown so much that the market calls for more people and they’re just not there. But my outlook on it is that you hire the best person and you find a role for them. So, we’ve done that within the IT department where we’ve looked and said, ‘Well, this person doesn’t fit exactly what we’re looking for, but we can train them to that.’”

Ardry stresses the importance of partnerships for a successful managed IT business. ABS works with Technology Assurance Group (TAG) and its consultants to help with many aspects of its IT department. “We started with TAG about five years ago when we met them at a BTA event in Orlando,” Ardry says of ABS’s history with TAG. “We looked at the stack they offered and decided it was the right move. We take advantage of most everything they offer, we partner with most of their partners, and we follow their processes for both sales and hiring. It’s helped us tremendously. We went from an IT department that was not profitable to building a very profitable IT division, and I credit TAG with 75% of that. We probably have increased 20% to 30% in overall revenue, but the most important thing I have seen is that, by following their process, we’ve become more profitable.

“They immerse themselves into your IT department,” Ardry continues, explaining that TAG helps interview potential staff members, plans marketing campaigns, runs sales programs, holds monthly operations strategy calls and does biweekly operations calls with his technical staff members.

“They are totally involved with what you’re doing — and it’s not just IT; they’ll help you in any aspect of the business. My advice to any dealer is: If you’re going to get into IT today, hire a consultant, whether it be TAG or someone else. Don’t try to go it alone.

“You have to be 100% in,” Ardry adds, giving additional advice to dealers looking to get into managed IT. “You

can’t stick your finger into the pond. You have to jump in. If you are not all in, it’s just going to linger and it’s not going to grow. You have to be 100% devoted to making it work.”

Kelley Connect

Four-and-a-half years ago, Scott Anderson’s MSP, CORE Business Services, was acquired by Kelley Connect, headquartered in Kent, Washington. Today, Anderson is senior vice president at Kelley and in charge of the company’s managed IT services business. “About 13 years ago, Kelley’s CEO started evolving the company from a technology solution standpoint, adding mailing and document management solutions,” Anderson says. “When my company was acquired, Kelley was doing a little bit of IT services, but its biggest client was itself and it had a handful of other clients. So, it acquired my company to really grow the IT portion of the business and, over the last four-and-a-half years, that’s really been the focus of the company — transitioning from an office equipment company to a technology services company.”

The company’s IT business is “pure play,” focusing on management services as its core offering. “We become a customer’s IT department,” Anderson says, noting that the company partners with ConnectWise, Sophos, Datto, Rhombus and others. “It has evolved over time, with security definitely being the biggest evolution. We have a lot of security-only offerings now — providing the security operations center, the 24/7 monitoring and real-time response.”

Kelley also partners with Chris Ryne and his company, Growth Achievement Partners (GAP), which assisted with the CORE Business Services acquisition. “I met Chris when he brought me to Kelley,” Anderson says. “He runs a great peer group that brings copier dealers that have gotten into IT together, which means there is a ton of information and best-practice sharing, particularly on sales and vCIO development. I’m also on the phone with him a couple of times a week, bouncing ideas off of him. I don’t think we would be as successful as

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Automated Business Solutions

we are today without his guidance and mentorship.”

Kelley Connect has more than 60 employees in its IT services department, which is divided into three groups: service delivery/service desk; engineering; and network/security operations. The service delivery/service desk group is divided into dedicated support teams of four employees. “As we grew, we realized that when our partner

clients call us and they’re talking to a different person every time, it’s not good for the client,” Anderson says. “[Creating the support teams] has been game-changing for us in that ... [the teams] know their clients — they know their networks, they know the people, they know how they use technology, they know their business goals and they know the outcomes we’re trying to drive.”

Anderson estimates that, by the end of the year, IT will be about 15% to 20% of Kelley Connect’s business — up from less than 1% in 2018. “Even through COVID, it’s been a hockey-stick trajectory,” he says of the company’s IT growth, noting that there is room to improve, but that not all imaging customers are a great fit for the IT business. “I think office technology dealers need to understand that IT is different from imaging. Not every customer meets the ideal client profile. And really figuring out what that profile is and sticking closely to it is important. You can go outside of that [client profile] a bit, but at least figure out what that profile is and know where you can play and be successful.”

What other advice does Anderson suggest for dealers looking at the IT opportunity? “Delivering IT is different than delivering copier service, and trying to deliver IT with the same function, support model or people that you deliver copier service with is probably not going to be that successful,” he says, further adding that, “When a rep just sells a copier to a client, it typically doesn’t open as many future opportunities. If we sell IT to the client first, we now have a 90% chance of getting the copier, getting the document management, getting the mailing machine. So IT — even IT hardware and procurement — leads to much more future business.”

Knight Office Solutions

Managed IT also has a long history at Knight Office Solutions, headquartered in San Antonio, Texas. The dealership opened in 1990 as Knight Laser Recharge, then changed its name as it moved into selling printers, copier/MFPs, managed print services and document management (today it

Managed IT Services

Outsourcing & Investment



Cybersecurity is one of the top areas to be outsourced to a service provider.

Key investment areas of cybersecurity:

41%

Malware, phishing and ransomware

28%

Endpoint monitoring detection and response

Key reasons to outsource:



Cost



Limited Expertise In-House



Limited/No Bandwidth



Not a Core Focus Area

Not all outsourced vendors are meeting customer expectations ...

40%

said "Cybersecurity expertise is lacking."



Management of network and on-premise infrastructure will continue to be handled by in-house IT.

Source: Keypoint Intelligence Office Group Research

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carries products from Ricoh, Sharp, HP, Lexmark and Canon, as well as VoIP solutions from Intermedia). In 2010, the company took on managed IT. Today, about 5% of its customers are IT customers and 20% of its revenue comes from the IT side of the business.

"We belong to BPCA [the Business Products Council Association] and there was a lot of discussion in their meetings about managed IT services and how our industry is set up well to be able to provide IT," says Mitch Huffman, co-president. "We felt like it was a good opportunity for us to not only add services, but they say paper is going away at a rate of 5% per year, so it felt like being in managed IT was a good hedge to ensure our company's health."

The company delivers a full range of IT services, including network infrastructure and security. "We do that via active administration and ongoing remote support, and we do on-premise and hosted cloud solutions," Huffman says, noting that the company partners with Dell, Microsoft, Datto, ConnectWise, SentinelOne and BrightGauge, among others.

Knight also partners with Service Leadership for benchmarking. "We use it as a guide-post to ensure we're moving in the right direction as it relates to our managed IT services business," Huffman says. "You fill out a detailed questionnaire that establishes your current operational maturity level (OML), and the idea is to address areas of deficiency and move toward operational maturity and, ultimately, a healthier business."

Knight's offerings and typical IT customer have evolved over the years, says John Cheney, co-president. "Our focus is on the small to medium-sized business," he says. "Twenty-five to 100 seats is our target client. However, we have some clients that are considerably larger and we have a few small ones. The size of the customer has changed — they are typically larger today — and the offerings have changed. When we got started, a primary offering was managing on-premise Microsoft Exchange servers and hardware. Today, it's hosted cloud and cloud support. All of our email is managed in the cloud through the Office 365 platform. That's been a big change."

Knight's entire IT staff works from the company's main office, which Huffman says is an important differentiator from other IT companies. "Everything related to managing our relationship with customers is handled here, in one office — from sales to billing to support to service to the help desk," he says. "We're not outsourcing any of those service roles, such as the help desk or engineering, for a number of reasons. We like to have control of that. It's just difficult for a client to feel like they're getting the white-glove treatment when you're outsourcing your help desk."

What advice does Huffman have for dealers who are apprehensive about getting into managed IT? "There's good reason for apprehension — it's not easy," he says. "There are

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some entry points that aren't so absorbing in terms of cost and risk. If a dealer isn't in UCaaS [unified communications as a service] or VoIP, so many of those are now done through an [online] network. So, those might be really nice entry points for them to start getting a feel for doing something other than copy/print. There are also some really solid security offerings that really don't require you to have