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OCTOBER 2017

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Here's how ERP integrator and
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Estes Group leads the sale
with—and makes big money
on—consulting services.

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BRUCE GRANT
CEO, Estes Group

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Channel Executive

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Cover photo by Angela Carman

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JEREMY JULIAN

When Jeremy Julian was in high school, he spent his summer breaks soldering circuit boards in pole displays for Custom Business Solutions, his family's hospitality POS VAR business. He's now COO of that business, and his influence has grown the company to national status. In this month's issue, he shares wisdom on extending leadership beyond the four walls of the family business.
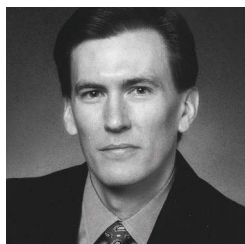
TODD THIBODEAUX

As president and CEO of the Computing Technology Industry Association, better known as CompTIA, Thibodeaux is fixated on the business interests of the global IT community. A balanced roster of employees is chief among those interests these days, so Thibodeaux was happy to share some insight into sustaining a functioning and diverse workforce.

STEVE RIAT

Riat, who leads the sales effort for Midwest MSP and telecom powerhouse Nex-Tech, was one of the first MSP execs to respond to the inaugural issue of *Channel Executive Magazine* in July. We're glad he did, because his two decades of IT sales experience bring big value to the tech sales advice column he authored for this month's issue.

LYNN SOUZA

The CEO of Connect Computer brings a champion's attitude to the MSP business she runs, an attitude forged while playing on the Big East Champion Providence Friars softball team. Today, Souza's committed to winning as a managed security service provider. She shares her game plan with us in this month's Executive Perspective on cyber security opportunities for the channel.

Sell Your Smarts *And* Your Services

MATT PILLAR Chief Editor

I won't argue for a minute that the monthly recurring revenue (MRR) made possible by the as-a-Service model of application access, payment residuals, and managed services delivery hasn't revolutionized the channel. It's brilliant. It's great for cash flow and forecasting. In some cases, it's money for virtually nothing. And some experts will tell you that it's not just *a* way to increase your business valuation, it's the *only* way.

I *will* argue at length that in some respects, it's also a cop out and it just might be devaluing your revenue potential in the here and now.

Automation and repetitious "cookie cutter" implementation and systems management create efficiency, no doubt. Many of those efficiencies are facilitated by the cloud, which has proven the game changer it promised to be. All of the Business Solutions Network's channel-facing media outlets that I oversee, from *Channel Executive* magazine to VARinsights.com and MSPinsights.com to our predecessor *Business Solutions* magazine, have been extolling the virtues of the as-a-Service model and MRR for years on end. *Break-fix service providers and hardware-centric resellers of on-premises applications are in big trouble*, we've written repeatedly. *Join the revolution or die fighting it*, we've warned.

This column isn't an about-face by any stretch of the imagination. These things are true; these warnings should be heeded. But if you've let your pendulum swing so far toward autonomous oversight of point solutions and applications that you haven't had a heart-to-heart with your clients about their big-picture business goals, the processes and people they've employed to get them there, and the successes and failures of their competition, you're selling yourself short. Way short.

This month's *Channel Executive* cover story on Estes Group, a Loveland, CO-based ERP integrator and MSP led by CEO Bruce Grant, offers a case in point. To Grant, those heart-to-hearts are the core of the company's go-to-market approach. He calls it consulting, and his company gets paid north of $200 per hour to do it.

Mind you, the company's consulting engagements aren't merely a dreamy chat over coffee with a client CEO. They're formulaic. They're rooted in process, constructs, and data. They're worth every penny the company charges for them.

They also drive long-term business, years-long sales of the as-a-Service stuff you're already selling. The primary difference is that it's not just stuff, it's the *right* stuff. Estes Group consultants and their clients know it's the right stuff because it's been mapped out through a paid consultation, as opposed to spit out by a printer on a purchase order.

Launching a consultancy — in particular, a paid one — isn't an afterthought. If you're a tech at heart who employs a staff of fellow propeller-heads who can spin up a 10-store chain of POS terminals with their eyes closed but haven't worked in retail since summer break in high school, retail technology consulting probably isn't for you. And that's OK. But, if you're serious about solving problems *and* selling technology, consider investing in hiring business practitioners who know both the ins and outs of the verticals you serve and the technologies that run them. At a premium hourly consulting rate, there's a good chance they'll simultaneously pay their own salaries and pad your bottom line. There's an even better chance they'll drive more sales and create stickier customers. Check out this month's cover story for proof. **C**

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EAB

Editorial Advisory Board

We're hiring! The pay isn't great — in fact, it's zero — but the rewards are. The leading channel executives on our editorial advisory board have a vested interest in contributing their expertise and opinions to shaping *Channel Executive Magazine*.

Are you a progressive channel business leader who's interested in contributing to the effort?

Drop Chief Editor Matt Pillar a note at **matt.pillar@ChannelExecutiveMag.com**.

Q Looking to 2020 and beyond, what technology or service holds the best growth potential for your company, and why?

A AT POSITIVE TECHNOLOGY, we have fully embraced Software-as-a-Service in our retail technology practice. As we look ahead, we feel that service still has significant growth and market opportunity. We are now striving to grow our offerings into a more broad based "Solution-as-a-Service." What we imagine as we go forward from here is a service that would include all of the hardware and software components as well as ongoing consulting and support for a retail customer. We envision the mid-market customer being able to consume our service to run their retail operation in a way that allows them to operate the business from the data the service provides, yet free themselves from having to internally support the technical footprint required.

Over the last few years as we have worked with our multi-location operators, we have seen that they desire the information our systems can provide. At the same time, they wish to adopt the latest POS footprints and gather information from all sales channels. However, putting together the mix of hardware, software, and technical knowledge to meet their vision is not something most can achieve with in-house staff, particularly when we add the complexity and security requirements around payments and the industry's ever-changing requirements around PCI compliance.

Q What are you doing now to plan or gear up for the opportunity?

A TO ACHIEVE OUR SOLUTION-AS-A-SERVICE GOALS, we developed our own software, OpSuite, which is now a comprehensive retail operations and point of sale solution that is cloud-based but as rich and powerful as last generation's on-premises, server-based systems. The move to software developer has required that we add programmers, designers, and business analysts to our team. We will continue to add these skillsets while at the same time enhancing our team in areas focused on network design and support, database administratration, web design, and mobile applications.

In addition to staff, we are always looking at partners who enhance our offerings with their own technology. Currently, we have labs in place evaluating customer engagement platforms, beacons, and advanced payments technologies. As other solutions become known to us, we will continue our lab process with fast prototyping and early adopter pilots to evaluate the true value and impact the new technologies may bring.

Finally, no retail solution is complete without extensively integrated hardware. We have a number of partners in the retail hardware manufacturing industry that over the years have become two-way partnerships. As a result, we are now involved in design and prototype discussions on the next generations of retail hardware. This intercourse allows us to help shape the end products into form factors our customers desire.

MIKE NICHOLSON
Nicholson is principal/COO at POSitive Technology, a nationwide retail solutions provider with eight offices providing software applications, hardware platforms, networks, payment processing, and security solutions to retailers. Nicholson's company is a four-time Microsoft Partner of the Year.

Is Pay-To-Play OK?

High-tech sales professional and Channel Executive contributor Dede Haas, founder of channel sales solutions provider DLH Services, asked two ASCII members — both MSP executives — to share their opinions on doing business with vendors who charge a premium for the privilege of selling their solutions.

CHAD KEMPT

When Kempt founded Fast Computers in 1998 his company mainly handled break-fix and project work. He transitioned his business to managed services back in 2005. Kempt sits on the Datto Advisory Board as well as the ASCII Advisory Council.

RAFFI JAMGOTCHIAN

Jamgotchian launched Triada Networks, an MSP established to help small independent investment companies cope with technology, cybersecurity, and compliance, in 2008. He has over 20 years of experience working in IT in the financial services industry.

QUESTION 1: Some vendors charge solutions providers for a myriad of different things — to join their channel programs, for training, and for not-for-resale copies of their software, to name a few — just to become their partner. What are your thoughts on that channel model?

KEMPT: One of the things to look for in a vendor relationship is whether it will be an actual partnership, as you can only hope to get out what you put in. If you're hoping for free software, free training, to be a top-tier partner of this vendor, then you better be prepared to meet their requirements, whether that's moving a certain amount of product or whatever else is required. With the vendors where it's just the lower partner levels that aren't very rewarding — where if you're a new partner, you must pay for training or you must pay for not-for-resale (NFR) software but as you move up the chain you unlock those additional benefits — then I have no problems with that. Basically, they're saying, "Are you committed to us? If so, we're committed to you." I think that's great.

JAMGOTCHIAN: I'm going to give you my typical engineering consultant answer, and my view is, it depends. Mostly, I'm not a big fan of the practice. I think it's a partnership. Both need to bring something to the table, but there needs to be some value added for it if they're going to ask for funds up front or minimums or some investment on behalf of the partner, the MSP in this case. Too many times we see it as a land-grab, as a way for vendors to get market share and sales, but not really provide any additional value beyond that. Early on, when I first became an MSP, there was a vendor that would give NFR services away. And that way, you know, MSPs got it in their hands, used it, then they were able to sell it.

QUESTION 2: What advice would you give other solutions providers if they are choosing a partnership with a vendor who employs such a model?

KEMPT: You really need to determine your level of commitment up front. So, for example, if this is a vendor that sells phone systems, are you already selling phone systems? If so, are you looking to switch vendors or is this a new market that you're looking to get into? And the reason why this is important is if you're looking to get into a new market, you may not have a lot of experience or a lot of understanding of how it's going to turn out and there are a lot of risks. If it's a market you're already in and you already know what your sales are and you're looking at a different vendor, then it's a little bit more freeform, a little easier to go along with.

JAMGOTCHIAN: I tend to have shiny-object syndrome. I like the new and exciting. And, you know, a lot of folks have good marketing skills and will kind of draw you in. Be careful. When you look at the entire landscape, if it's an area in which you are investigating multiple vendors already, great. Don't only investigate the solution, but investigate the partnership, investigate the level of engagement that they will have with you and your team, and make sure that it's truly a true partnership between the two because it should be a win-win. It shouldn't be just for them.
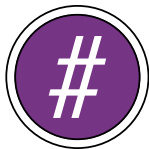
Cybersecurity 2021: Big Opportunities For MSSPs

On page 14 of this month's issue, Channel Executive *editorial advisory board member and Connect Computer CEO Lynn Souza outlines strategic steps to transition from MSP to MSSP. Here's why.*

In 2004, the global cybersecurity market was worth $3.5 billion. By the end of this year, it's expected be worth more than $120 billion. That's 35-times growth over 13 years.

THE MARKET IS ONLY GETTING BETTER FOR SECURITY PRODUCT AND SERVICES PROVIDERS. Worldwide spending on cybersecurity products and services will exceed $1 trillion by 2021.

$1 trillion in cybersecurity spending is a lot, but it's not nearly enough. Cybercrime damages will cost the world $6 trillion annually by 2021. Cybersecurity Ventures predicts the cyberattack surface will grow by 50 times.

There will be 3.5 million cybersecurity jobs unfilled by 2021. The unemployment rate for cybersecurity professionals will remain steady at 0 percent. **THAT'S BAD NEWS FOR VULNERABLE ENTERPRISES, BUT IT'S GREAT NEWS FOR THE SECURITY SERVICES PROVIDERS WHO ARE CALLED ON TO FILL THAT GAP.**

HERE'S A MORE SPECIFIC LOOK AT WHERE ENTERPRISES ARE SPENDING ON CYBERSECURITY, PER PWC:

Improved collaboration among business digital and IT — 51%

New security needs related to evolving business models — 46%

Security for the Internet of Things — 46%

Digital enterprise architecture — 46%

Biometrics and advanced authentication — 43%
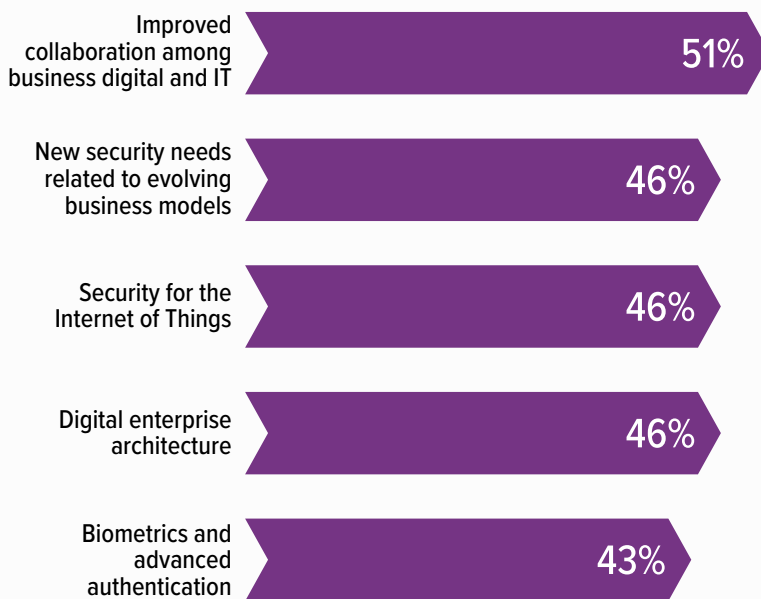
SOURCE: PwC, CIO, and CSO, The Global State of Information Security Survey 2017, October 5, 2016

Spending to train employees on cyber awareness will top $10 billion annually by 2021, up from $1 billion in 2014. **THAT SPELLS FURTHER OPPORTUNITY FOR CONSULTATIVE MSSPS WHO BUILD EMPLOYEE TRAINING INTO THEIR SERVICE OFFERING.**

HEALTHCARE IS THE HOTTEST MARKET FOR MSSPS: Cybersecurity spending in the healthcare industry will top $65 billion by 2021. That's because global ransomware damages will exceed $5 billion by the end of this year—up 15 times since 2015—and healthcare and hospitals are the hostage-takers' top targets.

SOURCE: 2016 Cybercrime Report from Cybersecurity Ventures

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Solving Tech's Talent Crisis: Diversity And Inclusivity

TODD THIBODEAUX

U.S information technology (IT) sector employment has expanded by more than 72,000 positions so far this year, and more than 450,000 jobs since 2015. That growth doesn't include hiring by other industries, which employ an estimated 7.3 million tech workers.

Nearly 600,000 jobs for core IT occupations were posted by U.S. employers during Q2 2017, according to Burning Glass Technologies Labor Insights. These openings ranged from computer user support specialists and technicians to advanced network architects, cybersecurity analysts, data scientists, and cloud architects.

The hiring environment for technical positions will remain challenging for the foreseeable future. A July survey by CompTIA of 314 U.S. technology companies found that the availability and cost of labor is an immediate concern for 43 percent of firms, a 13 percentage point jump from the year prior.

In some situations, a talent gap is inevitable. The pace of innovation is so fast that there will always be some lag in our ability to train people. The low unemployment rate for IT occupations — currently hovering around 2 percent — is another contributing factor.

Perhaps the biggest factor is the less-than-robust pipeline of new workers entering the tech field. Our industry has done a poor job getting young people interested in technology as a career option. The inability to find workers is a serious threat to growth, both within the tech industry and in other segments of the economy.

If we fail to act and act soon, today's labor shortage will pale when compared to what's ahead. An estimated 1.8 million jobs in the nation's tech occupation workforce will need to be filled through 2024 due to technology changes, business growth, and retirements.

The good news is that there is a large pool of untapped talent — women and people of color — who are significantly underrepresented in the tech workforce. But bringing these people into our industry requires a candid, serious, and thorough self-examination of the tactics and strategies we're using to hire workers.

THE ECONOMIC CASE OF DIVERSITY

NASDAQ-listed tech firms tallied $1.4 trillion in revenue in 2014. But if the ethnic and gender makeup of the tech industry workforce reflected the nation's talent pool, our industry could generate an additional $400 billion in revenue each year. That's a more than 28 percent revenue increase. How much of that $400 billion is your company leaving on the table?

A 1 percentage point move toward representative diversity leads to a 3-point increase in revenue. Companies in the top quartile for ethnic and gender diversity are more likely to surpass industry norms for revenue and operating margin. Companies in the bottom quartile for diversity aren't just lagging behind, they are rapidly losing ground. Which quartile do you want to be in?

If women and people of color were represented in the

tech sector as they are in the labor force, we'd have 1 million more women and 500,000 Hispanics, African Americans, and Native Americans. Yet we continue to see rates of underrepresentation of 2-to-1 and 3-to-1 for each group.

How did we get into this situation? Why does it seem so persistent? And most importantly, how do we correct it? Here are five steps that any company can implement immediately to diversify the makeup of its workforce.

1. FOCUS ON AND CORRECT UNCONSCIOUS BIASES IN YOUR RECRUITING AND HIRING PROCESSES.

Good companies question their own assumptions and unintentional biases in their hiring process. Diversity and inclusivity means letting go of stereotypes — women can't do math, his last name is weird, they won't fit into our company culture — and valuing a breadth of experience. You aren't lowering the bar by changing the makeup of your workforce, you're making the company stronger.

2. PRIORITIZE DIVERSITY AND INCLUSION BY SETTING MEASURABLE GOALS AND INVESTING RESOURCES IN THE EFFORT.

Too often, diversity and inclusivity are tied to the stigma of affirmative action, hitting quotas, or attaining arbitrary benchmarks. We have to get past that and embrace a new way of thinking.

Having a more diverse workforce creates a more diverse culture within the company. That's good for business. Products and services typically aren't sold to a narrow segment of the populace. Most companies want to reach as broad a customer base as possible. But if everyone within an organization has a similar background — racial, gender, education, etc. — how can they identify with and serve others who don't fit into those categories?

3. EXPAND THE PROSPECT PIPELINE BY RECRUITING NONTRADITIONAL CANDIDATES, PARTNERING WITH DIVERSITY GROUPS, AND MAKING DIVERSITY A PART OF THE COMPANY BRAND.

Where are you recruiting from? What community groups are you interacting with? Employers need to look beyond traditional job boards and want ads to find a broader pool. What are you doing with universities, community colleges, trade schools, high schools, community groups, and local workforce boards, for example? Many companies that have tapped these sources have found workers with the interest, aptitude, and skills to fill technology jobs. More often than not, these are workers who otherwise would have been overlooked through traditional hiring practices.

As your company creates a more diverse workforce, you can use an employee referral program to help identify more individuals from within a community using existing employees as their role models.

4. EXAMINE WORKPLACE CULTURE TO MAKE IT INCLUSIVE, TO TAKE STEPS IF IT ISN'T, AND TO ASK FOR HELP IF IT'S NEEDED.

Diversity and inclusivity doesn't end on the new hire's first day. You must also make a commitment to help new employees with support, mentorship, and training.

Although 80 percent of women working in STEM fields say they love their work, nearly one-third say they feel stalled and are likely to quit within a year. People of color who enter the tech industry leave the field at more than 3.5 times the rate of white men.

With so few women and people of color holding C-level and executive titles, the path forward for an entry-level or mid-career worker may seem vague, or worse, unattainable. To avoid this professional plateau, HR leaders and technical managers must work to refine and communicate individualized IT career trajectories and provide honest information about the opportunities available to them for advancement.

5. BECOME A MENTOR AND CONNECT WITH A WIDER AUDIENCE.

Mentors and role models are an essential part of making your workplace more diverse. We've heard much discussion about our industry's "skills gap." But the reality is that it's a confidence gap, not a skills gap, that keeps people of color and women from joining the tech workforce. People learn about jobs primarily from other people, but if you're not exposed to them, you're flying blind. The driving reason capable professionals don't pursue careers in tech is due to lack of career information. With the right opportunities and training they can handle the work, but they lack the confidence to try. To solve the diversity challenge, companies must build a critical mass of minority talent at every level and every group.

Diversity isn't just about the color of your skin or your gender. True diversity comes from gathering and utilizing a wide variety of opinions and ideas from people of different socioeconomic backgrounds, from different parts of the city, country, or world, and from different work and life experiences. ⓒ
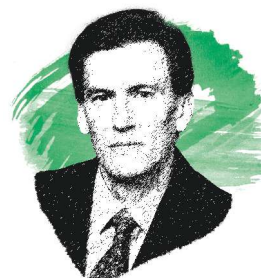
TODD THIBODEAUX is the president and chief executive officer of the Computing Technology Industry Association, the leading trade association representing the business interests of the global information technology industry. He is responsible for leading strategy, development, and growth efforts for the association.

The MSSP (R)Evolution

These days, every third email I receive is about the MSSP space, and every other article I read is about cybersecurity. So why have seemingly so few companies made the transition from MSP to MSSP?

LYNN SOUZA

The statistics on cybersecurity and cyberattacks are overwhelming:

- According to the FBI, cybercriminals are expected to collect over $1 billion in ransoms this year.
- More than 4,000 ransomware attacks have occurred every day since the beginning of 2016.
- The average cost of a security breach is $4 million, and that is expected to exceed $150 million by 2020.
- 44 percent of businesses estimate they could lose $10,000 or more during just one hour of downtime.
- Cybercrime will cost businesses over $6 trillion by 2021.
- Global cybersecurity spending was just $3.5 billion in 2004. This year it is expected to be $120 billion, and by 2021, spending on cybersecurity is expected to reach $1 trillion.

Over the last few years, enterprise corporations have been adding cybersecurity professionals to their payroll, and in 2016, the CISO (chief information security officer) role became the hot new executive position. In fact, in September of last year, the White House even jumped on the CISO bandwagon and announced that Brigadier General (retired) Gregory J. Touhill would become our nation's first federal chief information security officer.

Considering the already immense shortage of qualified cybersecurity experts (a recently published article by Forbes, ISACA, a nonprofit information security advocacy group, predicts there will be a global shortage of 2 million cybersecurity professionals by 2019), enterprise corporations have been recruiting some of these experts away from smaller companies, leaving a massive shortage of talent in the SMB (small to midsize business) market. Even if an SMB is lucky enough to find a qualified cybersecurity professional, affording to pay that individual would prove very difficult.

> **The SMB market is not only wide open for MSSPs, they are also the most in need of security services.**

Much more than enterprise companies, money is a huge factor in SMBs' inability to hire and/or retain cybersecurity professionals. An average cybersecurity professional garners a $90,000 salary, while the average salary for a CISO averages $204,000.

Taking into consideration both of these factors, the SMB market is not only wide open for MSSPs, they are also the most in need of security services. A recent analysis showed that small and midsize businesses of up to 1,000 employees have a 63 percent higher risk of a data breach than larger organizations. Couple that with the fact that 60 percent of small businesses close after a breach, and the undeniable conclusion is that implementing cybersecurity policies and technology is truly a life or death situation for small and midsize businesses.

NEW SECURITY SKILLSETS REQUIRED

While the transition over the last 10 years from VAR to MSP was not necessarily an easy one, the IT skills required for both were relatively the same. To be a VAR or an MSP required top-notch IT professionals that could scope, install, configure, and support corporate infrastructures and WANs. Of course, learning a new set of tools to deliver managed services was a hurdle to overcome, but again, there wasn't a huge learning curve required by the existing group of IT professionals. That has all changed with the evolution of the MSSP. Most IT professionals understand the concept of security and can deliver some cybersecurity services, such as configuring a firewall for geo-IP filtering, monitoring and auditing; antivirus/antispam; and security patching, but those same professionals do not have the skillset required to conduct and assess vulnerability scans, penetration tests, or perform forensic investigations, just some of the services that are a requirement if you want to truly compete in the world of MSSPs.

The vCIO role is one highly touted by top MSPs; however, transitioning to an MSSP will require having the virtual role of vCISO to offer to clients. vCISOs will be responsible for creating security policies, controls, and cyber incident response planning; ensuring compliance with the changing laws and applicable regulations; and maintaining a current understanding of the IT threat landscape, among other responsibilities related to the security posture of their clients.

COMPLIANCE REQUIREMENTS CREATE OPPORTUNITY

Compliance is another huge growth area for MSPs transitioning to MSSPs, and it will only continue to grow as the inevitability of more regulations comes to fruition. At the end of 2016, New York became the first state in the nation to create a cybersecurity regulation. 23 NYCRR 500, as it is known, was created to ensure that financial services entities do their due diligence in protecting their customers and information systems against cyberattacks. Rest assured, more states will follow suit, creating more need for MSSPs to know and handle compliance and provide cybersecurity services. Perhaps the most sweeping global cybersecurity legislation to date was passed by the European Union last year and goes into effect in May 2018. The GDPR (General Data Protection Regulation) applies to any company that does business with EU residents, regardless of where the company resides. Even if

the company is offering a free service, such as a website that people in the EU access, a company may be subject to GDPR if it collects IP addresses or tracks cookies. A survey done by Pricewaterhouse Coopers showed that more than three out of four (77 percent) U.S. companies plan to allocate $1 million or more on GDPR readiness and compliance efforts, with 68 percent saying they will invest between $1 million and $10 million and 9 percent expecting to spend over $10 million to address GDPR obligations. Combine these new compliance regulations with those already in existence like HIPAA, PCI, and FFIEC, and there are millions, if not billions, of dollars to be spent (and made) on cybersecurity services.

As successful MSPs have gotten great traction in the SMB market, and they are adding MRR (monthly recurring revenue) consistently, there is a huge mountain to climb (and admittedly a little bit of fear) to enter the MSSP space. The talents required and tools needed to be able to effectively deliver a full suite of security services involve a significant investment of time and money. Decisions need to be made: Do you recruit and hire a cybersecurity professional or do you take the longer road of sending current staff out for training, thus delaying your ability to deliver security services for at least another 12 to 18 months? What software do you choose, as every day there are more and more vendors entering the cybersecurity space? Eight cybersecurity companies made the Inc. 5000 list this year, and the old stalwarts of antivirus, like McAfee and Symantec, are now trying to keep up with companies like Carbon Black and Cylance that go beyond traditional antivirus and use artificial intelligence and machine learning to identify malware before it can execute.

Making the jump from VAR to MSP was evolutionary, but the next jump from MSP to MSSP is truly revolutionary. If you are not already in the process of transitioning your company to deliver managed security services, then either start investing immediately or go out and partner up with another company or vendor that can help you provide those services before your clients start getting lured away by your competitors that have made the conversion to MSSP. In the not-so-distant future there will no longer be MSPs and MSSPs; there will be providers that offer end-to-end security and compliance solutions and providers that no longer exist. **C**

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BRUCE GRANT
CEO, Estes Group

CASH IN
On Consultation

MATT PILLAR Chief Editor   @MattPillar

I caught up with Bruce Grant, CEO of Estes Group, just in the nick of time. It was a sunny Friday afternoon as autumn approached Loveland, CO. Grant was on the cusp of a nine-day backcountry camping adventure on his BMW GS Enduro bike, along with a few of his fellow motorcycle enthusiast friends. The trip would traverse white-knuckle grades and cross boulder-strewn mountain passes at 12,000 feet. As Grant explains it, with history as his guide, laying the bike down at least once on the trip was a sure thing. *Laying the bike down.* That's the gentle way motorcyclists refer to wiping out. It's not a trip for the faint of heart, body, or mind. I was sure to get all my questions answered before he left.

The angle on the feature story I planned to write about Grant and his company was simple. Estes is a VAR/MSP, and it's also a reseller of ERP solutions. It was my intention to learn how Grant evolved to that unique solution set, why it benefits his company to do that, in what order, for whom, and whether and how each division drives complementary sales opportunities.

As it turns out, that's not how Grant tells his story. It's not at all how he advises other companies to approach managed services and value-added resale opportunities. He doesn't "bucketize" his business' operating units. Nor does he itemize what he's learned, or what he's willing to share about it. It's almost as though the managed services, reseller, and ERP monikers the company uses to describe itself are just there in an attempt to classify what Estes Group does, to associate the IT services provider with something recognizable and tangible to the manufacturing, distribution, professional services, and tech companies that comprise its client portfolio.

The way Grant tells it, Estes Group is a consultancy first. To talk to him, you get the sense that reselling ERP and executing on managed service solutions are relatively easy, that they're little more than the actions taken to solve needs uncovered by Grant's true passions — motorcycles notwithstanding — which are analysis and consultancy.

"Too often," says Grant, "the publisher is much too focused on just selling and implementing software. As resellers, we can't do that. We have to be focused on the success of our clients. I think that's a key differentiator. We celebrate the success of our clients. That's when we ring the bell." With that mentality, Grant recognized early on that playing the role of point solutions provider wasn't going to help his clients get to the bell. In fact, he brought that mentality to Estes after a late-'80s to early-'00s run as president, founder, and co-founder of a handful of ERP and business process consultancies.

> " We're suddenly talking about the key drivers of their future state, which is the lead-in to their business needs at a very detailed level. "

While Grant's roots are in ERP, he says IT blocking and tackling is foundational to the digital transformation that's optimizing resource planning in the enterprise. To really make ERP work for its clients, Estes Group seeks more holistic ownership of its IT infrastructures. Besides, the mid-market enterprises the company serves were demanding it. "From day one, we were being asked by clients to help them with technologies ranging from cloud adoption and SaaS software to backup and recovery," explains Grant. "In order to create that desired future state of the business and really get the business requirements of our clients right, we found that besides the complexity of the ERP that

runs the guts of their company, they need our help in the overall technology arena. That includes everything from a virtual CIO to budgeting to managed services of desktop applications to cloud adoption and all the myriad aspects of working in the cloud."

Much of its ERP work and complementary MSP offerings are — and have for quite some time been — executed via RMM tools. "No client wants to revert to the old days, when an army of techs descended on their sites for six or nine months," says Grant. "We've been accessing on-premises ERP servers and managing them remotely since the mid-2000s, back when the MSP model really hit stride. Because we were already very adept at remote management of clients' servers, it was a natural progression to add remote network monitoring tools, manage endpoints, and extend remote management to desktops and cloud services," he explains. Why not extend the use of those tools and make some money off them?

That's the genesis of the company's hybrid ERP and MSP services portfolio, but according to Grant, neither of those is the tip of the company's sales spear.

Lead With Consultancy — And Get Paid For It

Many—and probably most—leaders of VAR and MSP organizations work their way up through the tech ranks and learn some vertical-specific business acumen along the way. Accordingly, their sales and marketing efforts lead with what they know best—networking, document management, or data security, for instance. Those are point solutions, and in the Estes Group model, they might not even be addressed during the first days, weeks, or even months of a new client engagement.

Grant's staff is comprised heavily of executives with operational experience in the verticals Estes Group serves. They know technology too, but they're not peddling any tech until they understand the key metrics the client is trying to achieve. "We're not rooted in the silver bullet," says Grant. "We're rooted in the client's North Star Principles." North Star Principles — the "where you want to be as a business" mantras that guide the client's mission — drive the philosophy behind Estes Group's consultation services. Exercises that uncover and/or cement those principles precede the sale of any technology in the Estes Group portfolio. And Estes Group gets paid for those exercises.

The company's earliest-phase consultation offering is a business process review (BPR). It's essentially a companywide audit of the processes that make an enterprise hum, complete with an analysis of those processes as they compare to a set of industry competitors. At Estes Group, the BPR is based on the Porter's Five Forces Framework, a theory developed by Harvard economics professor and renowned author Michael Porter that assesses a company's standing based on horizontal competition—that arising from substitute products and

> ❝ We command a premium with our rates because of our focus on business process improvement. I don't want potential clients wasting their money or our time. ❞

services, the threat of established rivals, and the threat of new entrants — as well as vertical competition manifested in the bargaining power of suppliers and the bargaining power of customers. "It's similar to the kind of work the big consultancies do, but it doesn't cost nearly as much money or take nearly as long to complete," says Grant. "It gives clients an accurate view of important metrics, like where they're burning money against the average in their industry. The tool creates a baseline for where the client stands at the point of their engagement with us," says Grant. "Upon completion of a BPR, the typical client reaction is a realization that Estes Group is really different, and that we really get it. We're suddenly talking about the key drivers of their future state, which is the lead-in to their business needs at a very detailed level. The exercise reveals what they need to continue doing and what they need to change to keep up in their industry." Often, the findings of the BPR point directly to services and solutions Estes Group sells: inventory optimization or cycle time improvement on the ERP side, and operational cost reduction on the IT and process side.

The BPR isn't a sales gimmick and it isn't cheap. It's conducted by consultants who get paid by the hour, at a rate Grant is quick to defend. "We're not a sub-$200 organization. The work we do is complicated. It's challenging, and I have to employ, retain, and enhance our top talent to keep them always motivated and focused toward the success of our customers. Our work is higher value, and I put our consultants up against any of the big consultancies in the country."

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Another upside to the paid-consultancy-first approach is that it weeds out less-desirable prospects. "We command a premium with our rates because of our focus on business process improvement. I don't want potential clients wasting their money or our time," says Grant. Those who commit to the expense of the BPR are like gold to the company, because the exercise opens the floodgates to ERP and managed service sales. "We close the sale on about 80 percent of the specific tech and service offerings we recommend on the heels of a BPR," says Grant. Those clients tend to be sticky as they engage in ERP and/or MSP services, and so are the consultants they work with. Estes Group has enjoyed sub-10 percent employee turnover since its 2004 inception.

Managing Change Ensures Long-Term Value

Grant believes firmly that the people and process elements of ERP and IT services are more important than the platform, which is why his team places a concerted emphasis on change management from the outset of a client engagement. "Nobody wakes up in the morning and says, 'Boy, let's go do a business transformation today. Let's go do an ERP system.' It's a complex and sometimes painful process," admits Grant. So complex, in fact, that if the team at Estes Group doesn't think a potential client is fully on board, they're not afraid to walk away. Grant recalls a recent engagement with an organization led by dyed-in-the-wool engineers that were facing the rollup of a smaller acquired entity. "There was a lot of bad mojo going around because of layoffs and a slash-and-burn style of management," he says. "Early on, the senior leader said to me 'this project management stuff you keep wanting to charge us for, this change management discussion, this is all sociology.' I knew right then that we weren't a fit, and we absolutely walked away."

Grant also cautions that often the client executive who's all smiles and saying they're on board is really trying to sabotage the effort behind the scenes. "We have to be able to identify that right up front, especially in these private equity rollups and situations where two management teams are merging. There are often key executives that are patting us on the back, but who may not really be on board." If his team doesn't identify those stakeholders who aren't aligned with the project early on, he asks rhetorically, what is Estes Group doing

An Entrée Into Digital Transformation

While the Five Forces Framework that serves as the architecture of an Estes Group business process review (BPR) was conceptualized long before digital transformation was a thing — it first appeared in a 1979 Harvard Business Review article — the concept creates a smooth parlay into what Estes Group sees as its responsibility to educate its markets on the need to digitally transform. Its go-to-market strategy involves educating clients on what's happening in their competitive subsets, which is central to the Five Forces Framework. Of late, trends such as multi-modal manufacturing and hybrid cloud/on-premises ERP systems are becoming more common in the manufacturing industries that constitute the majority of the Estes Group client base. "These changes are coming fast, and our clients are realizing that they need to be there with that new delivery model or new manufacturing model today," says Bruce Grant, CEO of Estes Group. Those models are optimized when data within the enterprise network and beyond — effectively all the appropriate data generated by the Internet of Things (IoT) — is accessible to machine learning. Underscoring that point is the fact that 40 percent of all the potential value associated with the Internet of Things requires interoperability between IoT systems, according to *The Age of Analytics: Competing In A Data-Driven World*, a recent study from the McKinsey Global Institute. "Everyone gets that, and they're trying to figure out what digitization means for their business," says Grant. "At the technology deployment stage, whether it's deployed on-premises, in the cloud, or hybrid, is where we have a great opportunity to provide value."

Grant says digital transformation and the IoT are also posing security concerns among Estes Group clients, presenting another opportunity for the company to shine. "It's important to focus on the gains, but it's equally important to focus on the risks. All of these IoT devices getting attached to networks with 'admin' and 'login' as password security credentials creates a massive risk that MSPs must be ready to solve." With manufacturers in the defense contracting business as well as several healthcare providers on its client roster, Estes Group is careful to apply and demonstrate security tools that are appropriate for the client's environment.

> **"** Early on, the senior leader said to me 'this project management stuff you keep wanting to charge us for, this change management discussion, this is all sociology.' I knew right then that we weren't a fit, and we absolutely walked away. **"**

there? "People and process are absolutely key, and you have to have strong project management and strong change management capabilities baked into an engagement from the outset."

Senior-level engagement and project ownership, says Grant, are the key to long-term client alignment. "Projects that have upper executive input and endorsement have a greater chance of success. But, in the mid-market, clients often don't naturally focus on project management and change management, so we take that upon ourselves." In many cases, Estes Group works with the client to give the project an internal brand, or at least a name, and to publish a monthly newsletter on the project's progress and successes. "These are essential to the success of any project," says Grant. "You have to have an awareness that people don't like change, that some are going to accept it better than others and some are going to embrace your ideas and your thoughts and your technologies more than others. You've got to get it on the table in the beginning, following an established project management methodology with change management capabilities built in, so that you can measure the success of the client's employees in adopting the new technologies." The measurement of employee acceptance, he adds, is turned over to the client's internal management team as early as possible. That transparency helps the client's executive leadership to understand which employees need more work, and which might never embrace the change.

Consultation Beats Commoditization

Amid fear that so much of the technology sold and managed by MSPs is at risk of becoming a commodity, baking consultation into the sales and engagement process ensures Estes Group's relevance. It also contributes to an abnormally high success rate on complex ERP implementations. Over the past three years, some 90 percent of its ERP projects have gone live on time and on budget. "That's a direct result of clearly stated goals and future outcomes, which come out of the consultative engagement," says Grant.

It's also noteworthy that about 40 percent of Estes Group's client base represents what Grant calls rescue work. "We pick up a lot of orphaned ERP projects from around the country, where companies are saddled with failed implementation," he says. "We had a client that was 1,500 customizations deep, had invested close to $3 million in their ERP system, and had yet to turn it on." Even in those cases, no client escapes start-from-scratch consultation. "We had to come in and baseline them. From there we were able to determine how to save their implementation, and we did it."

VARs and MSPs that consider consultation part of their "value add" are leaving a significant revenue stream on the table. Still, not every VAR or MSP is equipped to monetize a consultancy practice. Grant advises those who are considering the path that subject matter experts with deep chops on the business side of the verticals they serve are a primary requirement. "If you're an MSP and you're just selling desktop services to auto dealerships, or a VAR and you're just selling POS stations to restaurants, you're not going to get the change that they're going through if you don't have somebody that came from that industry," he says. "Recently, we saw a hospital system that required its users to navigate six levels to get to the patient record. Six steps before a doctor could get to a previous diagnosis. That's crazy. An MSP would just be making sure that system was running correctly, whereas a business-focused MSP would say, 'You've got the wrong patient care system.'"

Lest you think that's the beginning of a too-scary conversation with your clients, heed Grant's advice. "The more complex technology gets, the less clients want a geek coming in and talking about speeds and feeds, when their real pain is ineffective use." That's truth, and it's a solid indication that paid consultancy should be a serious consideration for any VAR, MSP, or IT integrator. The benefit of a backcountry motorcyclist's steel nerves might help, but like a mountain vista seen by just a few, the reward is well worth the risk. **C**

UNSTRUCTURED

OPPORTUNITY

A few weeks back, I received an unsolicited email from a fellow named Bill Inmon. He had seen the inaugural issue of *Channel Executive*, and he wanted to contribute some editorial voice to our pages. While it's fair to say that we consider dozens of editorial contributions and requests for interviews every week, this one was different. You see, Inmon is widely regarded as the "father of data warehousing." He's written 58 books on the subject. In 2007, *Computerworld Magazine* named him one of 10 IT people who mattered in the past 40 years.

Inmon is a data scientist and has been since earning a master's degree in computer science on the heels of a Yale undergraduate degree in mathematics. His storied career includes stints with then-billion-dollar integrator American Management Systems (acquired by integration, services, and outsourcing giant CGI in 2004), Coopers & Lybrand (now PwC), and the launch of several data-centric tech companies. If anyone's got good perspective on the opportunities Big Data presents for the channel, it's Bill Inmon. Today, he's fascinated with textual disambiguation technology. In layman's terms, that's tech that

can read raw text in a narrative format and allow it to be placed in a conventional database, where it can be analyzed by standard analytical technology.

In practice, the work Inmon is doing to put big, unstructured data to good use promises multi-billion dollar value to enterprises. But according to Jay McBain, principal analyst, global channels at Forrester, only a select few in the channel are in good position to cash in on the opportunity. Later in this article, I'll share a conversation with McBain about why that needs to change. But first, some historical perspective from Inmon, and his thoughts on why data disambiguation is so important to your customers.

Vendor Priorities Ignore Unstructured Data

A timeline of the IT community's priorities offered by Inmon, now 72, provides a good backdrop for the data co-

nundrum we're in today. Turn the clock back to 1960, he says, and you'll find an IT vendor landscape consumed by programming, structured analysis and design, and proper coding practices. Somewhere at the bottom of the list, he quips, came unstructured data.

"Move the clock up to 1970, and the list of what was important changed. There were databases, program maintenance, telecommunications, and the personal computer," he says. And again, somewhere at the bottom of the list was unstructured data. "Go to 1980, and we were worried about legacy systems, integration of data, and transaction processing. And somewhere at the bottom of the list was unstructured data."

By 2000, Inmon says, we were worried about Y2k, ERP, and high performance OLTP (online transaction processing). Still, at the bottom of the list was unstructured data.

"Today we worry about Big Data, security, AI, and data science," says Inmon. And yet again, "somewhere at the bottom of the list is unstructured, textual data."

Why is it that unstructured, textual data has not been a high priority for the greater IT community for the past 50 years? Inmon points to several reasons. "The first and most obvious reason is that text does not fit conveniently inside a standard database management system," he says. "Standard databases require that data be organized into nice, neat, well-defined units that repeat almost endlessly. Text just does not accommodate this requirement." At best, Inmon equates putting text into a standard database management system to "fitting the proverbial square peg into the round hole." At worst, he says, "the peg just won't go into the hole in any way or form."

The second reason text and language is such a poor fit with the computer, says Inmon, is that text is inherently difficult and complex. He cites slang, multiple word meanings, colloquialisms, ambiguous antecedent pronouns, complex sentence structure, pronunciation and volume, and confusion over regional accents as just a few examples of this complexity. Even language that follows the rules isn't necessarily known or understood by standard computers. "In order to decipher language, the computer must understand at least a few of the basic rules," he says.

Finally, Inmon points to the sheer volume of language as problematic. "There is the Bible. There is the newspaper. There are emails. There is the Internet. There are phone conversations. There are law libraries. Language is the fabric of life, and it is generated far faster and far more copiously than any computer can ingest it."

No surprise, then, that technology vendors have been reluctant to tackle language and text. But, says Inmon, this reluctance has crippled enterprises in the information age. "When you look at the corporation, you find that the vast majority of data is in the form of text. There is a wealth of information buried in the form of text." He surmises that the single most important thing buried in text is the voice of the customer. "Businesses that lis-

"Of sheer necessity, the priorities of what is important in the corporation and in the technical community have shifted beneath our feet. Today, corporations ignore text and understanding language at their own peril."

BILL INMON
AKA "The Father Of Data Warehousing"

ten to the voice of the customer have this magical thing happen. Their stock rises. Their revenues rise. They constantly gain new customers. Businesses that don't listen to the voice of the customer have decreasing revenue, a lowering stock price, and a constant loss of customers," he posits.

"The day has come where corporations can no longer afford to ignore unstructured, textual data," says Inmon. "Of sheer necessity, the priorities of what is important in the corporation and in the technical community have shifted beneath our feet. Today, corporations ignore text and understanding language at their own peril."

This leads us to the IT solutions provider, and more specifically, the IT solutions provider concerned with client success. If successful businesses listen to the voices of their customers, but those voices are buried in textual data inaccessible to structure and analysis, what role does the channel play? Inmon says it starts with recognizing that data can no longer be managed for the way businesses were structured yesterday, but instead for the way the world is today and is going to be tomorrow.

Big Data Opportunities — And Challenges — For The Channel

The good news for the enterprise struggling with unstructured data is that the vendor community is responding. The bad news for the channel is that, by and large, we're not plugged into that response, or the opportunity presented by what Forrester's McBain calls a $130 billion BI and analytics market that's poised to hit $200 billion in five years.

In McBain's analysis of 600,000 global channel partners—160,000 of which are based in North America—fewer than 5 percent have a data practice. He says that's because the channel faces a number of barriers, not the least of which being access to data decision makers in the industries we serve. "While the CIO might still play a leading role in data access, architecture, and analysis decisions, we see an emergence of CDOs (chief digital officers) that the channel may not be as familiar with," says McBain. That's in addition to Forrester's findings that 65 percent of all technology decisions are being made by specific line-of-business leaders in charge of marketing, sales, human resources, and so on. "These line-of-business leaders require intelligence through data analytics, and they have immediate uses for real-time intelligence gleaned from unstructured data," says McBain. "But the channel isn't plugged in here. They're not in the room."

Those who are in the room must be ready to step outside their comfort zones. Solving line-of-business problems is considerably different from taking server and infrastructure orders from the CIO. McBain offers this wisdom:

- The line-of-business decision maker is very focused on the application of specific data to their responsibilities. A marketer, for instance, wants to use unstructured data to drive content and action around a buying journey. They want intelligence on that specific problem. They don't just want a data warehouse, they want a business outcome.

- They're very focused on their sub-industry. It's not enough to simply accommodate HIPAA in healthcare. Line-of-business managers want unstructured data to inform decisions around ambulatory leads, healthcare trends, and regulatory

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▸ While business outcomes drive decisions, deep understanding of unstructured data technologies is prerequisite. Talking Hadoop, data warehousing, and in-memory capabilities with clients requires more than a cursory knowledge gleaned from a few blog posts. It requires deep operational and tactical skills to build an unstructured data solution.

McBain also suggests that VARs, MSPs, and integra-tors seeking to address unstructured data opportunities go in with a full understanding of the competitive landscape. He says there are five categories of organizations he calls "shadow channels" jockeying for position in the relatively new and highly competitive space:

1. The Hadoops of the world—those cloud platforms purpose-built for Big Data and BI that are coming at the market with full knowledge.

2. Professional services firms like Accenture and Deloitte, as well as the tens of thousands of smaller boutique consulting and professional services

Healthcare Needs Unstructured Data Solutions, Stat

According to Jay McBain, principal analyst, global channels at Forrester, the vertical market hungriest for solutions to their unstructured data management problems is healthcare. That's something of which Dan Sytsma, VP and GM at $100 million, 70-employee IT consultancy Melillo Consulting, is well aware. The company specializes in infrastructure and data center solutions, IT management automation, application life cycle management, project and portfolio management, mobility, and software-defined data centers.

Healthcare is Melillo's top-selling vertical, in no small part because of the company's data management practice. "Over the past two years, we've started really recognizing the opportunities to leverage data. It started with the sale of more storage and backup, but the real challenge in healthcare is making decisions with all that data," says Sytsma. As such, the company has shifted its focus from helping companies store data to helping them monitor, analyze, visualize, and report on it. More specifically, it's focused on clinical text mining solutions that enables healthcare IT organizations to discover and extract knowledge from unstructured data, search for specific entities, extract relevant features, and find associations with other data sources.

To embrace the unstructured data opportunity, Melillo added a couple of healthcare IT consultants to its staff, retrained existing consultants, and acquired a smaller company with the vertical specialization it needed. It also forged new vendor relationships with a couple of Big Data software firms.

The sales process, says Sytsma, is highly consultative. "Because this isn't the sale of a commodity product, we spend a considerable amount of time assessing where a client is on their operational intelligence journey, and what they really want to do with their data." The company identifies four general stops on that journey, paraphrased here, and tailors its solution set to each:

▸ Data is siloed; client wants to free it, normalize it, and determine its value as a business asset.

▸ Data is unsiloed; client is ready to monitor it for patterns.

▸ Data and patterns are visible; company wants to create historical models.

▸ Company wants its data to provide real-time business insight into events and predictive models.

"This approach opens up great discussions, which lead to a very interactive sales process," says Sytsma.

Learn more about Melillo Consulting and its approach to solving its clients big, unstructured data challenges in our *Channel Executive* web exclusive at www.channelexecutivemag.com

firms serving specific verticals. McBain observes that over the past decade, many of these once business-process-oriented firms have transformed into tech companies. "It's becoming harder to distinguish an accounting or legal firm from a traditional channel partner any more. They know where the money is," he says.

3. A hundred thousand or more line-of-business and industry-specific ISVs that are focused exclusively on adding specific business value to platforms like Hadoop and the rest of the enterprise tech stack. "These are often SaaS-based, low-code/no-code companies that, for a low per-seat, per-month cost, can deliver data analytics to the line-of-business manager's desktop," says McBain.

4. An emerging player focused exclusively on downstream integration, operating with reliance on neither hardware sales nor break-fix or managed services. "This breed is built solely on project and downstream integration revenue, which is fetching margins in the 80 perccent range," says McBain. "It's like being an IBM partner in the early '80s, when you could practically write your own check."

5. A fast-growing, data-specific startup community focused on the development and launch of AI (artificial intelligence) and machine-learning technologies. "If the big cloud platforms are the foundation, and the ISVs provide the specialization, these companies are the last mile. They're among the 5,000 companies funded by venture capitalists each year who will walk in your door and custom develop anything you need to get another hit of VC funding. That might include hardware, software, integration, or anything else necessary to make data work for the end user," McBain explains.

Unstructured Data: A Daunting, But Rewarding, Endeavor

Thus far, this article has admittedly given traditional channel players a litany of excuses to continue ignoring unstructured data, just as the IT vendor community has for the past half century. But there are billions of reasons why the reward might justify the risk. Growth in database and analytics spending over the next five years is so explosive because it's such an urgent need. How explosive? According to Forrester:

▸ The global market spends $18 billion annually on data warehousing and management solutions. That figure will balloon to $25 billion by 2021.

▸ NoSQL database spending alone totals $600 million today and will grow 25 percent to $1.6 billion over the next five years.

▸ There's a $750 million market for Hadoop today, but at 33 percent growth, it will expand to $2.3 billion by 2021.

▸ Big Data integration spending sits at $1.1 billion today and will hit $2.2 billion over the next five years.

▸ Data virtualization is a $4 billion market today, growing to $6.7 billion by 2021.

▸ The current $2.3 billion that enterprises spend on emerging in-memory data fabric technology will expand to $6.3 billion in five years.

McBain says VARs, MSPs, and traditional integrators that want to get in on the Big Data money action have four choices: They can swallow the expense and time necessary to build unstructured data processing capabilities into their existing line cards, they can acquire one of the

aforementioned "shadow channel" players, they can merge with or get acquired by one of the 5 percent of channel players adept at providing big, unstructured data solutions, or they can partner. In any event, he advises that the margins are obnoxiously high, but the sales process is atypical of the traditional reseller model.

"This isn't the stuff of gold, silver, or bronze partner programs," he says. "There are no market development funds coming out of Hadoop. The downstream revenue on this stuff is so rich, the margins so high, and the supply and demand so off-kilter that no one is playing around with pennies to the dollar programs like the channel is used to." Instead, he says, street-level channel companies should partner with those in the data realm, win some customers, and explode that downstream revenue. "Where we see Big Data vendors engaging traditional street-level IT providers, we see them saying, 'we'll bring you to the dance, or you bring us; we'll be happy dancing. But don't ask me about free things in your channel program; there's no time for that.'"

Three to five years from now, McBain says, the velocity of Big Data spending might plateau a bit, to the point that those in the Big Data vendor community might be gauged by the strength of their channel programs, but early adopters should understand that we're not there yet. He also advises early adopters to invest first in data people — though they're hard to find, and they come at a cost. "Supply and demand for data scientists is out of whack because every company is becoming a data company, so there's high demand for data scientists," he says. Competition for that talent is fierce, and few channel partners have girded their loins and stomached the expense it requires. Still, McBain justifies the salary. A data scientist with good business acumen might command $150,000 or even $250,000 per year, but McBain contends that in this market, they can quadruple their own salary in annual service revenue. Further, he argues that when the high-flying data scientist leaves your company for the appeal of Silicon Valley, the downstream revenue keeps going. "If you're a quarter as intelligent as they are, you keep the lights on and running. When change orders come in that are deeper than your capabilities, bring some talent back in for those projects. The ongoing maintenance and operation of the unstructured data platform is something you can make money on with the right partnerships."

If Data's Not For You, The Sky Won't Fall

McBain is bullish on the opportunities big and unstructured data present the channel. He calls it the future of the world. But make no mistake, he's a pragmatist at heart. "If you don't build a data practice, pursue these partnerships, or even talk about data, you're not going out of business. If you're pushing beyond break-fix and implementation services and pursuing digital transformation, IoT, mobility, or other hot practices, you're going to be okay," he assures. In fact, he contends that the channel suffers when it tries to be all things to all people all the time for fear of losing control of the customer. In this new age of IT buying, we're beyond the phase of any one tech provider owning any one customer, and McBain says that's okay. "There's enough demand for tech and services that it will continue to far outstrip supply," he says. "There's even enough cable to pull and PCs to support to get the 40 percent of channel executives who are retiring in the next seven years to the end of their careers."

If your retirement isn't so imminent, you might want to strike up a conversation with Bill Inmon. ●C●

VAR Rescue: A Hospitality Insider Shares Where Resellers Go Wrong

Jon Taffer, host of Spike TV's "Bar Rescue," tells VARs how to win more hospitality business.

ABBY SORENSEN Executive Editor

Jon Taffer has filmed nearly 150 episodes of "Bar Rescue" on Spike TV. Off camera, he's helped turn around almost 10 times as many hospitality establishments. Taffer isn't just a reality television personality — the man knows his industry, and he knows where technology providers and technology operators within hospitality are falling short.

Fortunately for the readers of *Channel Executive,* Taffer isn't shy about assigning blame and providing some solutions that can help resellers help their customers. If resellers want to win in this rapidly evolving and challenging vertical, they need to adapt to human behavior, learn how to sell benefits (not hardware features), and get ahead of the technology curve by focusing more on connectivity and real-time solutions.

ISSUE #1: VARS (AND HOSPITALITY TECH USERS) ARE TOO REACTIVE

The most glaring issue Taffer sees when he walks into a bar or restaurant doesn't exactly make for gripping television drama. The problem with hospitality technology is that the users of that technology aren't leveraging it to its full potential. Technology has evolved, yes, but the way technology is used hasn't kept pace. In fact, Taffer thinks up to 90 percent of hospitality establishments are still using POS systems simply as a cash drawer and therefore are leaving valuable business insights on the table. "The amazing thing about every POS system in the world is that even the most primitive have management features and management reports that owners never use," Taffer says. "So to me, the greatest frustration of technology in the hospitality industry is that it is not used. One thing about the hospitality industry is that operations take over, and we do not sit around with our feet up on our desk."

Are VARs to blame for customers being too reactive instead of proactively accessing and acting on POS data in real time? There's the old "lead the horse to water" adage that would seem to let solutions providers off the hook. Taffer doesn't see it that way. He hypothesizes: "Did they [the VAR] do proper training? Did they set up a suite of management reports, and did they program it so that the manager, the owner, knows that when you close out at the end of the night, you also hit this button that gives you three management reports? My guess is they did not do a custom management report if they were not asked to. My guess is they are not telling them to do hourly labor checks. What they did is sell them a system, but they made it static."

The solution is to take a consultative approach to show hospitality customers how to manage food, beverage, and labor costs within the POS system. And it's not enough to configure these reports; solutions providers should ensure this data is actually being used. Whenever possible, these features should be automated. Taffer laments, "I believe the entire industry has failed. We have known for 20 years that managers are not using these things, but the industry did nothing about it. All they did was redesign the reports. They never made them automatic." He envisions a day when VARs will show hospitality owners how to address labor costs, lag time on orders, or low customer counts from a pop-up on their phones. "Think of all the apps that are responsive, that are proactive, but we as an industry never did that."

VARs also need to realize that millennials are accelerating the need for solutions to be proactive. Whether it's a young restaurant owner or a young bartender using a POS system, end users are simply not going

to spend any significant amount of time looking at a screen or analyzing data while they are busy with customers. While cloud-based tablet systems might seem to be the solution, Taffer isn't sold. "Human behaviors tell us something. Millennials look at their phones 260 times a day. They are not looking at their tablets."

ISSUE #2: VARS SELL FEATURES, NOT BENEFITS

Hardware margins are not trending up. Any VAR reading this who thinks otherwise will likely not be in business a few years from now. Yet Taffer knows solutions providers are still too married to hardware and the mentality that comes with selling hardware. "We have a problem; it is a cancer in the industry," he says. "Stop selling hardware. Start selling benefits. Teach them how to use it. Show the value."

Hospitality operators need to see the math, not the bells and whistles of a touch screen, or a cash drawer, or a receipt printer, or a scanner. Here's how Taffer would approach it:

- Most bars and restaurants generate 60 to 70 percent of revenue in 16 to 20 hours per week.
- A slow POS system could cost an establishment 20 to 30 percent of sales in those hours.
- How much does 20 percent more per drink add up to when you are four customers deep at the bar on a Thursday, Friday, and Saturday night? About $12,000 per weekend.

"Nobody sits down and sells these things. That is selling the benefit. Say, 'If I pull this system out of here and put in mine, you are up $12,000 in sales.' Sell them $12,000 of sales, don't sell them hardware," Taffer says.

Instead of hardware features, VARs should focus on getting customers hooked on the benefits of POS data. This might mean walking a customer through how to set up a scheduling application within the POS system or showing them the power of an add-on loyalty solution. "Take the feature, get them hooked on it, make it easy for them, and focus on just that. Do not focus on 25 different reports and overwhelm them," Taffer suggests.

Focusing on benefits shouldn't end when the ink on a sales contract dries. Instead, VARs need to invest plenty of face time showing customers how to optimize technology. "Every reseller should put together some type of a two or three week follow-up program to make certain the value is perceived. Take on more of a consultancy role," he says. "Budget for it, and plan for it. Make it part of onboarding and operating procedures. Honestly, the industry view [of VARs] is that you're the guy who is taking the check and running."

ISSUE #3: VARS AREN'T PREPARED FOR WHAT'S NEXT

Taffer envisions a world of seamless connectivity from the beginning to the end of a dining experience. Imag-

> **" I believe the entire industry has failed. We have known for 20 years that managers are not using these things, but the industry did nothing about it. All they did was redesign the reports. They never made them automatic. "**
>
> **JON TAFFER**
> Host, "Bar Rescue"

ine if you could pull up an OpenTable-like app and book a reservation that would automatically schedule your pickup from your preferred ride-sharing service, automatically pay for your meal, and automatically schedule your ride home, all while sharing data with the restaurant about what time you arrived, what kind of wine you ordered, how long you stayed, and what feedback you provided on their service.

Self-ordering kiosks are already gaining traction in fast food and quick-serve locations, and Taffer thinks that's just the tip of the self-service iceberg. As labor costs keep increasing, restaurants will start adopting automated technology on a massive scale. In order for the hospitality industry to accelerate this kind of technology adoption, however, VARs will need to help customers get their networks up to speed. "The squeeze for VARs is around interactivity and connectivity. Most solutions coming out are going to have common files and ways of information extracting and sharing information across platforms. Resellers have to speak to the connectivity of your systems."

That might mean charging for networking projects or partnering with other solutions providers who are already doing this. For VARs who are still content pushing boxes of hardware, this consultative approach will be a do-or-die challenge. Meanwhile, the solutions providers who are willing to embrace the changes Taffer has seen in the hospitality industry will have fewer competitors to worry about. ⓒ

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The Harsh Realities Of The Healthcare Vertical

A data capture and scanning executive shares how he's combating the challenges of a lucrative vertical opportunity.

ABBY SORENSEN Executive Editor

Healthcare is a big market opportunity for solutions providers. So big, in fact, that it's hard to do a quick web search to find out what total healthcare IT spending is in the U.S. One forecast puts the figure somewhere around $100 million annually, and others have it even higher. And health IT spending isn't trending downward either.

Jim Collins didn't need to know the exact market numbers when he acquired a scanning and data capture company in 2009 that had a client base of about 35 hospitals and healthcare facilities in its portfolio. Collins, the founder and president of document management solutions provider Datamation, just knew healthcare was a tough vertical to crack. The acquisition was a good way to get his foot in the door, but Collins had his work cut out for Datamation as the company has tried to make progress in healthcare. He gives sound advice for other IT companies with aspirations to get rich in the healthcare vertical: Find a niche, be patient with long sales cycles, know what you're up against, and make sure your i's are dotted and your t's are crossed when it comes to security.

DON'T BITE OFF MORE THAN YOU CAN CHEW

VARs who think they're going to capitalize on electronic health records (EHR) and electronic medical records (EMR) government-subsidized incentives programs need to adopt Collins' more realistic view. He explains, "You can't just focus on EMR — you'll lose every time to the Epics of the world." And he's right. Datamation and other solutions providers compete with massive EMR vendors that own a huge portion of the market share. Epic is a $1.7 billion company, and its software holds 54 percent of all U.S. patient records, for example.

There is good news for VARs like Datamation. Collins says, "The big software players, however, usually don't know the first thing about scanners and hardware. Our best play is to find a niche in healthcare. Focusing on being a client's main enterprise EMR vendor is not going to happen."

For Datamation, that niche is the nonhealthcare department within a healthcare organization. For example, Datamation can handle all of the scanning and data capture requirements associated with administering retirement benefits. This might sound simple, but consider that one of its clients, the largest health system in Illinois, has acquired about a dozen companies. This means paperwork exists for many different retirement plans, and this disparate data can cause real headaches on the personnel side of healthcare. This is a real pain point that a VAR like Datamation can alleviate in the healthcare space without having to enter into a long, painful sales cycle to compete against a major technology vendor.

COLLABORATE YOUR WAY INTO THE GAME

Collins knows solutions providers need to target the VP of IT, but it's not as simple as cold calling that title within a healthcare facility. Instead, Datamation engages prospects with outbound marketing campaigns at least quarterly. The real problem with selling into healthcare is that small and middle market solutions providers are late to the game. They are easily pushed

out by the massive vendors who already have established relationships with healthcare clients.

"You cannot sell above those guys," Collins admits. "You have to work with them, or you are not going to get anything done." This is why Datamation partners with a Xerox copier dealer in its region. Datamation has gained a lot of traction from exhibiting at the dealer's seminars, and in exchange, the company gets pulled into the scanning side of contracts. "The copier companies are not programmed to sell solutions and be consultative. They want to sell clicks, they want to sell leases," Collins says. This doesn't mean these partnerships alone are a viable go-to-market strategy for VARs looking to penetrate the healthcare vertical. In order to do that, solutions providers need to know what kind of objections they'll face.

KNOW WHAT YOU'RE UP AGAINST

Just because healthcare clients are being offered financial incentives to bring their technology up to speed, this doesn't mean VARs are going to face universal acceptance when it comes to digital transformation. For example, Collins talks about a current healthcare client that reluctantly admitted it has a warehouse with 6 million pages of files. Yes, 6 million – that's a lot of scanning that's been put off. Naturally, healthcare clients, whether it's a large hospital system or a private practice, aren't going around gloating to IT companies that they have a huge backlog of files just waiting to be digitized.

These clients are also faced with budget cuts, and Collins has come across more than one healthcare facility that doesn't understand regulatory measures as well as they are required to. Then there's the reality that digital transformation just isn't a priority for the people working on the front lines of healthcare providers. "If you look at the tenure of people and their companies right now, people are not long-term focused. People are thinking they'll have a new job in two years," Collins says. "They're thinking, 'I'll just throw all this stuff in a box, and it is going to be somebody else's problem when I am gone.'"

And even if you do find the ideal healthcare client willing to spend money, VARs still need to brace themselves for the reality of shrinking hardware margins. To help combat this, Datamation charges clients for on-site workflow studies. Collins will send someone on-site for upwards of 5 hours who is tasked with identifying pain points and meeting with department heads. Datamation then presents a flow chart to the client with a new, more efficient way of handling data capture.

Revenue from these workflow studies aren't enough to make up for the 50 percent cut in hardware margins Collins estimates over the past five years. Hardware is still a significant part of Datamation's revenue despite shrinking margins. Collins preaches the importance of letting manufacturers know when you are the first in the door at a new client, in hopes that will lead to preferential pricing. This might only result in an 8 to 12 percent advantage, but it's an advantage nonetheless.

DON'T SHORTCUT SECURITY & COMPLIANCE

Datamation has a real advantage when it comes to security, thanks to being Service Organization Control 2 (SOC 2) compliant. This advantage holds true in the healthcare space and in several other key verticals for the company, such as financial, government, manufacturing, and insurance. Just like selling into healthcare and competing against big healthcare vendors, SOC compliance isn't automatic. Collins compares it to graduate school — it's not necessarily difficult work, but it's a large volume of work. He remembers having to work through a 70-page, 700+ question security questionnaire for a large bank Datamation was prospecting. The SOC process was just about the same amount of work, so the time invested was worthwhile.

Datamation had to rewrite about 70 policies during the process of its SOC audit. For example, employees can't have cell phones on the scanning floor, onboarding and offboarding employees needed different documentation, and passwords needed to be changed more regularly. Collins also estimates the company had to invest between $10,000 and $18,000 in new firewalls.

"In a pure healthcare play, more and more people know about and understand SOC, whether you are scanning personnel files, retirement files, or patient files," Collins says. "I think the SOC is mission-critical because it demonstrates that your company goes through tremendous lengths to ensure the privacy, quality, and security of how their key information is being handled."

Completing a SOC audit, finding a niche within a healthcare organization, or partnering with third parties who can help you earn the trust of healthcare clients are all necessary evils if solutions providers want a piece of the $100 billion health IT spending pie. Ⓒ

2017 U.S. HEALTH IT SPENDING

Federal	$7 Billion
Hospital	$66 Billion
Practice	$1.5 Billion
Payer	$19 Billion
Consumer	$6.5 Billion
TOTAL	**$100 Billion**

Cognitive Medical Systems cited Markets and Markets, Research and Markets, and marketresearch.com in its health IT spending forecast.

The Forgotten Sales Step

If you have positioned the sales solution, are qualifying and closing, yet still losing opportunities, this is the step you may have forgotten that will lead to wins against even the most aggressive competition.

STEVE RIAT

The majority of my life has been spent selling forms of technology through educating customers and suggesting products that add value to their business. After observing salespeople in the technology field, it became apparent that they are focused on the speeds and feeds, price, and/or installation. While these are important components of the sales process, many times the key sales step is forgotten — helping the customer make a purchasing decision.

One of the best ways to assist customers, and win additional deals, is by facilitating the purchasing decision. This starts with a simple question, "How will you make this important decision?" The answers can vary from price to quality to service level, and it is the salesperson's responsibility to the customer to help them level the playing field by outlining what is most important in this decision. This can be accomplished through leading questions such as the following:

- Do you want the company you purchase from to be certified in the technology you are purchasing so it can service the solution properly?
- Do you want to verify the company's financial viability?
  - The recommendation is to ask for a minimum of three references within the same industry.
- Do you want a sample of the company's monthly reporting?

The goal of these questions is to then be able to assemble a qualification list to make certain the customer is comparing similar companies, solutions, and implementations. Salespeople handle this kind of a process every day; however, it can be overwhelming to customers due to the complexity of the products within. These "speeds and feeds" can become the focus of the sale when, oftentimes, they have little to do with the performance of the end implementation.

> **'Speeds and feeds' can become the focus of the sale when, oftentimes, they have little to do with the performance of the end implementation.**

An example of speeds and feeds looking good but performing poorly is in the low-end laptop. During the holiday season, laptops with Pentium processors, lots of RAM, and large hard drives are on sale. Last year, one of our team members purchased one of these low-cost units for his son to play Minecraft on (and why not? Minecraft isn't that intensive of a software package), yet the machine was unable to play the game in a usable fashion. It was glitchy, slow to render and, ultimately, unacceptable for the purpose for which it was purchased. After reviewing the minor details, the screen resolution was under HD, bus speeds were not sufficient to handle the throughput of the processor, and the RPM drive was too slow to complete the tasks at hand.

To assist customers with making a purchasing decision, it is important to assemble a qualification list by following the steps below.

1. Develop a template that has the items you value as a company — customer service, response times, certifications, processes, and product standardization.

2. Train the team to focus on the value this brings—from the technical teams educating the customer on the importance of quantification of values a company brings to telling a customer to ask the sales team for this process.

3. Make this process valuable, not just salesy.

4. Execute the plan.

While creating the template, take some time and put yourself in the customer's shoes. Think back to a purchasing decision you made where you were uncertain what you were looking for. An example for me is picking out a dishwasher. My dishwasher was no longer working, and it was time to look for a new unit. I had no idea there were quick wash cycles, steam cycles, plastic liner versus stainless steel liners, and many noise ratings. The sales representative went into the speeds and feeds of dishwashers first; however, that was not my first concern. My concerns were related to:

▸ Do you deliver and set up?

▸ How long will it take for delivery (I don't like doing dishes by hand!)?

▸ Who do I call for service, and how long is the wait time?

▸ What is the warranty period, and what is not covered under warranty?

▸ Will it keep me up at night because it is loud?

▸ How many dishes will it handle?

▸ How long does it take to run a cycle (meaning, if I have people over and have more dishes than it can handle, can I run it twice in an afternoon)?

▸ How much water and power does it use compared to other dishwashers?

This is the list I used to assist with making a decision. You will notice that not one of the questions was how much it cost.

When putting your template together, don't forget about the impact. The impact, most basically defined in this context, is why the customer cares. The earlier suggestion regarding technical certification? Let's face it, most of our customers don't care if we are certified. We must quantify the value (impact) of that certification. The impact for this example is:

▸ Direct communication with the manufacturer

▸ Speed of response

▸ Speed of installation (we are trained, and it will take us less time to implement)

▸ The manufacturer recognizes us as an expert, which, if the issue escalates due to a problem, the problem will get resolved quicker.

▸ Better pricing

Backup and recovery is another example where this is key. Living in the Midwest, I am reminded annually of our impact during tornado season. It is simple. If a tornado comes through your town and wipes out your business, how are you going to recover? First, you are going to call me. To be comfortable with this, you need to know what my business is going to do if a tornado comes through your town. How will we respond? Through our business' vendor partnerships and certifications, it has access beyond its own resources that can guarantee a customer's recovery. Again, things we within the technology industry think about, but our customers may not know to ask, or if they do, they don't know to take it to that next level of impact.

> ❝ **The impact, most basically defined in this context, is why the customer cares. The earlier suggestion regarding technical certification? Let's face it, most of our customers don't care if we are certified.** ❞

Overall, the key is to help customers make a purchasing decision by outlining what a successful project looks like and to quantify the impact of each of these areas. This will not only provide the highest level of customer experience, but also increase the ability to win opportunities in a competitive environment. ⓒ

➲ **STEVE RIAT** is Nex-Tech's director of sales and an HTG Peer Groups member. He has more than two decades of business technology experience working directly with companies from around the world and brings the best of that back to the Midwest.

It's Official: The Labor Market Has Fully Recovered From The Great Recession

For CEOs and business owners, does today's job market mean increased hiring and retention costs for growing MSPs and VARs?

WAYNE RAMPEY

With the release of the U.S. Department of Labor's July 2017 report on unemployment, combined with the most recent Hamilton Project report published by the Brookings Institute, it seems official; the job market has fully recovered from The Great Recession. Impressively, due to actual population growth between 2007 to 2017, it took the addition of over 10 million jobs to recover to the prerecession job loss equivalent of approximately 8.5 million jobs.

But a tight labor market is most likely no surprise for small to midsize MSP and VAR business owners. Most have experienced the challenge of hiring qualified technical talent for several years now. Some professions recovered faster than others, and the technology sector recovered earlier and faster than most.

To illustrate the challenge of hiring good technical talent, the chart on page 38 shows the supply vs. demand for network engineers and network system administrators in seven major metropltian statistical areas (MSAs). This data represents the total number of resumes posted on CareerBuilder vs. the number of job orders posted in a two-year period, one-year period, and three-month period. The time frame looks backward from July, 2017.

CEOs and business owners are tasked with weighing the "cost of lost opportunity" when critical technical or client-facing positions are left open and then trying to fill the vacancies on their own versus the investment costs associated in using the services of a recruiting firm.

There are both hard and soft costs associated with new employee acquisition, which include salaries, direct benefits costs, as well as potential recruiting fees. And while VAR Staffing is happy to share observed best practices regarding compensation structures, benefits, onboarding techniques, and perks enjoyed by staff members of our clients, we cannot directly influence those items. What we can do is provide a road map on how to increase the effectiveness and improve your ROI when it comes to using a recruiting firm.

Here are eight common sense and experiential best practices to improve your results when using recruiting firms.

1. EDUCATE THE RECRUITING FIRM — THOROUGHLY AND ACCURATELY.

Don't take shortcuts. As defined further below, the recruiter will be the first person a candidate speaks with regarding your opportunity. If they cannot articulate the value proposition regarding why a qualified candidate should consider your firm, then all is lost from the start. Basic information they should be able to initially articulate should include:

- Why is the position open (growth, replacement, new business initiative, etc.)?
- What will the day-to-day responsibilities be in the role (not just a list of desired skills), and who will they work with daily?
- A short profile of the company, and the level of management the person will report to
- What is the available career path for a top performing professional?
- Other information unique to your company that
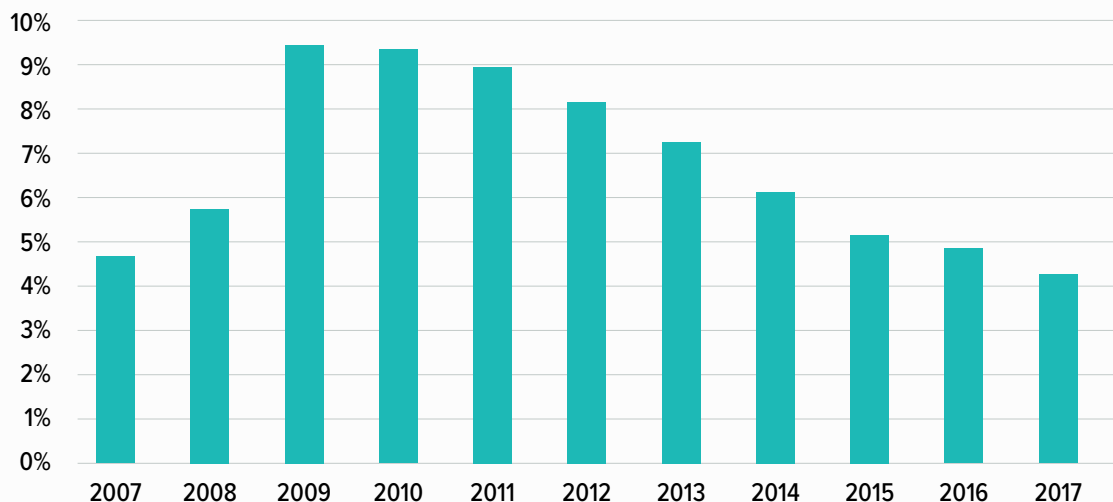
TOTAL UNEMPLOYMENT % BY YEAR

FIGURE 1

can or should be used to attract a qualified candidate's interest

2. TIMELY / ACCURATE COMMUNICATION IS KEY.

The single biggest issue that destroys a successful search is lack of timely or precise communication.

▸ Silence or lack of timely feedback is the most difficult language to interpret after an interview, and rarely does a recruiting firm interpret silence correctly. Worse yet, it is disrespectful to the person who interviewed and reflects poorly on the hiring company.

▸ It is impossible to refine a search effort if the candidate feedback is something along the lines of, "They just were not a good fit, or we just could not get comfortable with them." Be specific with your feedback to accurately guide the recruiting efforts.

3. BE COMMITTED TO THE PROCESS — COMPLETELY.

Don't waste your and the recruiting firm's time if the position has not been approved by senior management, budget approved, interview process defined, realistic compensation levels approved, and a defined process established to onboard a new employee. Most work performed by recruiting firms is done on a contingency basis, which means they work for free until they fill your position. Recruiting firms understand business needs change, and sometimes a decision is made to not fill a role or to delay filling a position. That event should be the exception to the rule.

4. BE REALISTIC — BOTH IN TERMS OF EXPERIENCE AND COMPENSATION EXPECTATIONS.

Recruiting firms do not "make the market" in terms of candidate salaries and experience. They cannot deliver what does not exist, nor are they in the business of delivering what is referred to as the "Purple Squirrel." That does not mean you must settle for poorly qualified candidates, but your criteria must be realistic. If budget constraints (or other market forces) prevent you from hiring at the desired experience level, then evaluate possibilities to redefine or shift some of the job responsibilities among existing staff, consider hiring at a more junior level but with someone who is a high talent level (as assessed against the years of experience they possess), or perhaps evaluate the opportunity to promote someone into the open role, and then backfill that individual's job.

5. JOB DESCRIPTIONS ARE NOT PRIMARILY JUST A LIST OF SKILLS AND YEARS OF EXPERIENCE.

Start with the core day-to-day responsibilities to be accomplished in the position you are recruiting for. Identify the most important duties performed in narrative format, and then define the experience levels and/or skills necessary to successfully execute the job.

6. A RECRUITER'S PERSONAL COMMUNICATION AND ARTICULATION SKILLS ARE VERY IMPORTANT.

The recruiter will be the first contact a prospective candidate experiences regarding your firm's opportunity. Besides the obvious need for the recruiter to be fully knowledgeable about the role, they must also be able to

effectively articulate the value proposition of considering changing jobs to your firm, based on the information you have shared with them.

Here is a fact many do not immediately recognize when dealing with the recruiting task: Unlike a hardware or software product, the "human product" thinks and acts independently, with their best interest driving decisions. The better you (the hiring firm) educate the recruiter, the more likely they will be able to guide the process based on alignment of a candidate's goals and the hiring firm's desires.

7. UNDERSTAND THE 80/20 RULE AND ITS IMPORTANCE TO A CANDIDATE'S DECISION.

Talented technical professionals are typically hard-wired to learn, and enjoy challenges. Rarely does a candidate tell the recruiting firm they are interested in doing the same job, using the same skills, for effectively the same salary or modest increase, with limited career growth options.

In most cases, if a candidate possesses 80 percent of the desired skills and experience to perform the job, then they are typically worthy of interviewing. Almost without exception, it is the 20 percent of experience or skills they DO NOT possess that makes the job attractive to them, and that can be used to the hiring company's advantage.

Showing a clear career path, providing opportunity to develop increased skills or advancement above the level of someone's current role, is a testament to a firm's investment in a new hire. That investment will have greater appeal and decision leverage than just doing the same job with a different employer at a slightly higher salary.

8. BE DECISIVE (BUT NOT DESPERATE).

Recruiting firms understand it is everyone's desire to have as many qualified candidates as possible to make a confident decision; most recruiting firms have the same goal. But quantity is not always a good substitute for quality. If a highly qualified candidate is identified in the set of first-round interviews, do not unreasonably delay moving forward in anticipation of a potentially better candidate. That does not mean an offer or final-round interviews need to be rushed, but letting one or two weeks go by without moving the process forward can be costly in today's opportunity-rich environment for quality professionals.

To summarize, the best ROI occurs when the foundation for the recruiting effort has been thoroughly defined, a proven process is put in place, and the use of a recruiting firm is viewed as an investment in your human capital asset, rather than an expense. **C**

➲ **WAYNE RAMPEY** is CEO of Apollo Staffing and the VAR Staffing brand. Wayne started his career as an engineer, moved into management, and subsequently started several successful professional service firms during his 40-year career. Wayne has a BSEE and MBA.

SUPPLY VS. DEMAND

Legend: Candidates (2 Years), Jobs (2 Years), Candidates (1 Year), Jobs (1 Year), Candidates (3 Months), Jobs (3 Months)

New York: 7258, 39147, 4507, 17344, 1677, 4361
S.F.: 3414, 35292, 2172, 15789, 899, 3726
L.A.: 3657, 22068, 2301, 9737, 901, 2324
Seattle: 1535, 17663, 988, 8126, 367, 1816
Chicago: 4697, 19921, 2830, 9208, 1152, 2386
DFW: 6532, 25918, 3831, 12062, 1452, 2764
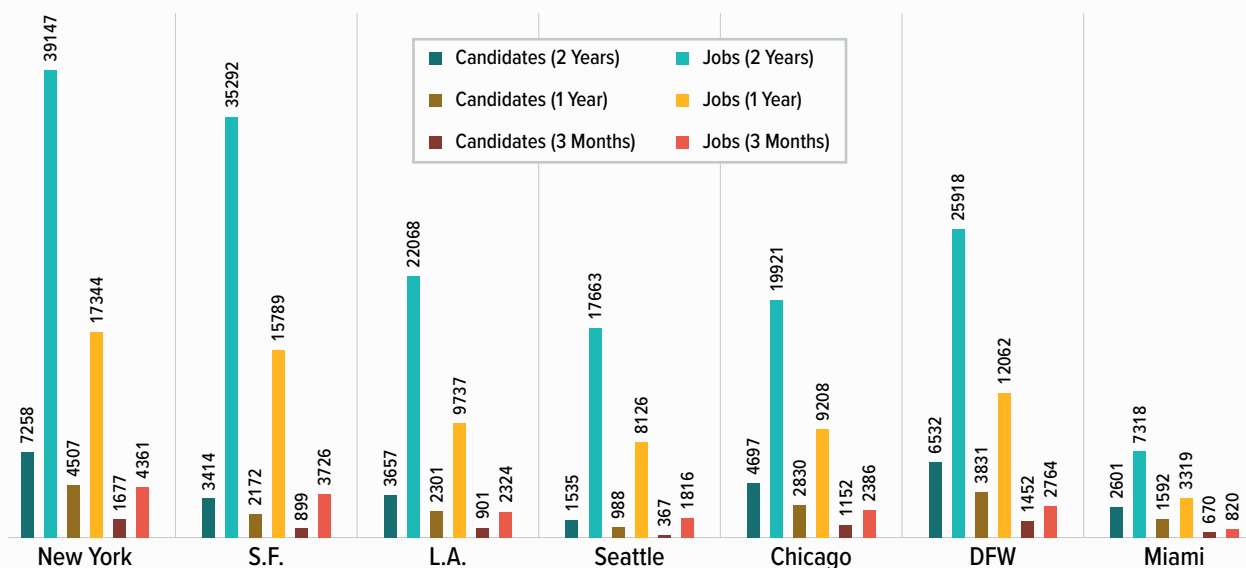Miami: 2601, 7318, 1592, 3319, 670, 820

FIGURE 2

INFINIT Consulting

Longtime friend of the Business Solutions Network, Jerod Powell weighs in on digital transformation, digital Darwinism, and the millennial mindset.

WHAT CHANGES IN CUSTOMER DEMANDS AND EXPECTATIONS HAVE YOU SEEN OVER THE PAST ONE TO TWO YEARS?

Clients have invested significantly in various technologies to help their business over the years, but they spend too much time in the technology itself. It's time now to transform and have technology work for the client. This is made possible through greater systems integration and automation with visibility into the business systems data the organization depends on. You can't change what you don't measure. It's all about having the right data in the right hands at the right time.

WHAT IS THE BIGGEST THREAT OR OPPORTUNITY YOUR BUSINESS FACES?

Market confusion. We're fighting various snake-oil solutions claiming to be the answer. It's digital Darwinism out there. Clients that don't get the need to change won't be customers of ours.

WHAT IS THE TOP METRIC YOU USE TO MEASURE SUCCESS? HOW DO YOU ENSURE YOUR TEAM IS ACHIEVING THIS METRIC?

Client lifetime value. We're on a journey together with our clients to drive mutual growth and client satisfaction through amazing experiences.

WHAT TECHNOLOGY/SOLUTION HAS TOO MUCH HYPE? WHAT TECHNOLOGY/SOLUTION DESERVES MORE HYPE?

Currently the buzzword surrounding technology is digital transformation. At the end of the day, it is being driven by the fact that society and technology have evolved faster than an organization's ability to naturally adapt. Society has already evolved; mobile, social media, IoT, wearables, real-time, etc., have changed buying behaviors and how information is consumed. The long and short of it is that disruptive technology has created an evolution of customer and employee behavior, values, and expectations. This makes digital transformation a necessity if you want to stay relevant; "digital Darwinism," as Brian Solis calls it, has set the stage for a new generation of business models, a new era of leadership.

IN WHAT WAYS WILL MILLENNIALS IMPACT THE CHANNEL?

Born with technology in their hands, millennials thrive in an environment of innovation and change. Their saturation into the market has significantly disrupted the landscape of traditional workplaces and marketing. Millennials have seized the reins of social media, content creation, and consumer power. Digital transformation is for customer experience. Millennials expect a simple, fast, and cool mobile experience. That's what we build toward when considering user experience for clients.

WHAT'S YOUR BEST MARKETING SECRET?

Focus on a specific vertical and home in on content marketing that will appeal to clients' needs.

WHAT ARE THE THREE MOST IMPORTANT QUESTIONS YOU ASK IN EVERY INTERVIEW?

What drives you? What environments do you thrive in? What is your greatest success story?

WHAT IS YOUR HIRING PHILOSOPHY?

Our key hiring philosophy is good people who like to win want to work with the same. Authenticity, integrity, and desire to grow are key attributes.

WHAT'S THE BEST BUSINESS BOOK ON YOUR SHELF?

Traction, by Gino Wickman. **C**

By M. Pillar

INFINIT CONSULTING

JEROD POWELL
Founder & President
INFINIT Consulting

. . . .

San Jose, CA

. . . .

INFINIT Consulting's disruptive IT focuses on data integration, automation, communications and collaboration, security, compliance, support, and strategic technology guidance. Founded a decade ago in Silicon Valley from a unique ideology shared by six IT engineers and business experts, it set out to empower business to embrace the potential of IT.

VERTICALS
Retail,
Manufacturing,
Financial

VENDOR PARTNERS
Asigra,
Cloudiway,
Dell,
HyperGrid,
Microsoft,
Silverback,
SkyKick

TECHNOLOGIES
Professional services,
Cloud services,
Cloud migrations,
Desktop applications,
Predictive analytics,
Data analysis,
Software development

INFINIT
C O N S U L T I N G

Leadership Beyond
The Four Walls

Custom Business Solutions' COO and Channel Executive editorial advisory board member Jeremy Julian recently won a seat on the board of the Retail Solutions Providers Association (RSPA). Here, he expounds on the value of leadership in his industry and how that parlays into the success of his business.

JEREMY JULIAN

➲ **JEREMY JULIAN** is COO at restaurant management solutions provider Custom Business Solutions, Inc. He's held various responsibilities from installation and troubleshooting to sales and product development. In his current role as COO, Jeremy's focus is on customer acquisition and successful product deployment.

As business leaders, we always look for opportunities to strengthen both our business and our aptitude as leaders. As anyone who has been in business for any length of time will tell you, business does not happen in a vacuum. Rather, successful business happens in a community. As leaders, the million-dollar question comes down to this: How can we build a community around our business that not only drives sales and development internally, but also helps grow and develop our respective industries as a whole?

As COO of Custom Business Solutions (CBS), a hospitality and retail technology company headquartered in Southern California, I am faced with this very question on a daily basis. How can CBS grow sales, be perceived as an innovator in the hospitality space, and deepen relationships all while being a resource for others in the industry to do the same? As a solution, CBS has found exemplary success in answering this question with one simple, but effective solution: industry association and community involvement.

Amongst obvious benefits, such as increased sales, there are many other benefits that coincide with your company participating in industry associations and the associated events.

One of the biggest benefits that this participation drives is the simple idea of connection. Our company provides a great service to the industry. However, we cannot do it all. We rely on other companies every day to help us do business. Attending industry events connects my company to other companies that are solving the same problems that my company may be experiencing. It provides insight into the evolution of the industry. It gives us perspective into what others are doing and how we may even be able to incorporate other solutions into our own. Simply connecting with others, purely on a business level alone, is enough to help catapult our business along to remain innovators in the space.

> ❝ **Amongst obvious benefits, such as increased sales, there are many other benefits that coincide with your company participating in industry associations and the associated events.** ❞

Similarly, because of my own and my company's participation in our own industry association events, I have had the distinct opportunity to meet and network with many people that I would never have had the opportunity to meet if I hadn't involved myself. Oftentimes, these events draw speakers from companies outside of the industry to gain perspective. Networking with those outside of your own industry not only provides a great opportunity to communicate your own story to others, but also helps provide the reciprocal context to others for their own industries.

INDUSTRY INVOLVEMENT ROOTED IN ALTRUISM

Another aspect of joining and actively participating in industry associations is the idea of giving back. As mentioned before, participating, networking, and connecting with others presents an opportunity to help others gain greater insight into business practices, tools, or knowledge that may help their business. As you share what

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CLOUD USAGE
IOT ACTIVITIES, SIZE

Did You Know Fact

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1000s
OF DATA SOURCES

500K+ URLs TRACKED
AND ANALYZED EACH MONTH

120K
ISVS
COUNTING

Update every month

makes your business successful, you help make the entire industry better. Moving the industry forward together not only helps ensure innovation, but also helps position your business as a leader and thought leader in the industry.

Finally, these events oftentimes are simply fun! Putting many great minds together in one location allows plenty of room for personal growth. Many times, others in the industry can share different aspects on education, options you didn't know existed, and may be able to share podcasts or blogs that have helped educate them to run their businesses better.

TIME ROI

With such an investment in these associations, and the time that is needed to fully extract all of the benefits, it's imperative to understand the necessary investment of time. Just as with any investment, you need to identify how to best maximize your investment to maximize the return on your time.

appointment that ran later than you would have liked, try to get back on track as soon as you can.

Often, it's wise to bring team members to these events. Not only does it spread the information further into your team, give them the opportunity to learn more about the industry they're in, and get out of the office for a few days, but it also gives you the opportunity to develop future leaders within your own business. By bringing these business leaders along, you demonstrate your investment in them. Whether you're bringing one team member or six, it's important to share as much relevant information with them prior to the event as possible. These team members you've identified as leaders want to learn. They want to execute and perform at a high level. By being generous with your information, you're arming them to succeed — and they'll likely help others succeed as well.

It's important to communicate your plan to your team (and maybe even key partners that will be in atten-

> **❝ Though some may argue industry events and trade shows are losing their value in the digital age, I would argue that they have never been more valuable. ❞**

To maximize the return on your time, you need to put a plan together when attending an industry-associated event. Without a plan, you may find yourself wandering aisles, sitting in on keynote presentations, maybe even daydreaming. By the end of the event, it's three days later, and you're not sure what the big picture of the whole thing was. That's not a great use of your time, and finding the return on that time is going to be extremely difficult.

As a personal strategy, I have a clear-cut list that I use to ensure that I remain focused on maximizing the full potential of the industry event.

The first thing I'd recommend to any business leader attending an industry event would be to formulate a plan. Look at the event. Is there a trade show floor? If so, what are your needs? What challenges have you been facing that you need to solve? Identify who on that trade show floor can help mitigate some of your pain points. Write their name down and set a time on your calendar to walk over and engage with them. Is there a breakout session that interests you? Put it in your calendar so you're not booking appointments or phone meetings during that time. Plan and empower yourself to actually stick to it.

Next, while you're there, be sure not to get distracted. Industry trade shows and industry meetings are a living and breathing organism. There's always something going on. Whether it's a conversation that runs way longer than you had anticipated, a phone emergency that takes you off your schedule, or a dinner and drinks

dance) and encourage them to do the same thing. Not only will you be eliminating a likely distraction, you'll be encouraging your future leaders to adopt a time-saving practice and to get the most out of the show.

I would also encourage note taking. As mentioned before, there are many distractions at trade events. It's easy to listen to a keynote speaker, attend a think-tank, or have a sales meeting on the floor and quickly forget what was discussed. Get into the habit of briefly jotting down at least one line of notes to jog your memory at recap. This can occur through many different tools. Perhaps you're a pen-and-paper kind of person. Carry a notebook and pen. Or maybe you're a tech lover. Use the notes feature on your smartphone or use one of the hundreds of note-taking apps available. At the very least, jot down a few words on the associated business cards.

Finally, and arguably most importantly, it's important to recap very soon after the event. People's minds quickly go elsewhere after the show. I like to treat my team to a lunch or dinner after the event to talk exclusively about the event. Take clear notes at this meeting, and be sure to send a follow-up email or note to the team after the meeting.

Though some may argue industry events and trade shows are losing their value in the digital age, I would argue that they have never been more valuable. By virtue of building more connections, networking, various learning opportunities, and the eventual lead to increased sales, the value of trade shows cannot be argued. ⓒ

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