

Pursuing Managed IT

Consider these five tips for your dealership's success

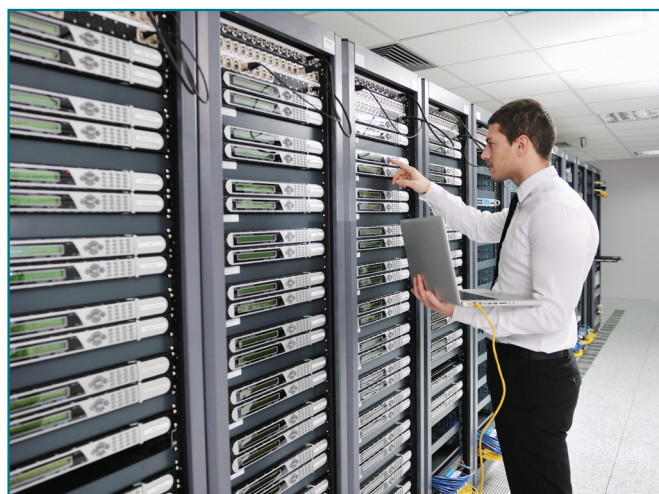
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From the beginning, my partners and I set a goal for our company, Impact Networking, to become a \$100 million company by 2017. To do that, we plan to more than double our growth in the next two-and-a-half years. To meet that goal, one of our main growth strategies is to reinvent our IT services department. The first step was the creation of our CompleteCare Managed IT program. The second step includes acquiring several IT companies to stimulate department growth.

So why managed IT? Why now? MFP clicks have been declining for years. Like most dealers today, we have diversified and looked elsewhere for growth opportunities. For the past five years, we have invested resources toward growing our document management department. As a professional and managed service, it established a steady source of month-to-month recurring revenue and a steady cash flow to reinvest in the company. The significantly higher margins (up to 70 percent) also helped. Our strategy has paid off. Five years later, our document management department is now self-sustaining, freeing up investment resources for other departments — like managed IT.

Although only currently contributing 1 percent to our overall revenue, we see a lot of potential in growing managed IT to increase the size of hardware and software deals. Our long-term goal is for the areas of digital office equipment, document management and managed IT to each generate one-third of our company's overall revenue. If you are thinking about adding a managed IT program to your dealership, here are five tips you should consider.

(1) Break ties with the break/fix model — Managed IT services provide mutual benefit to both the client and the dealership. Impact has offered IT services to clients in the past that focused on the break/fix model of selling time and resources. The focus was only to fix the immediate problem, not look for a better or more efficient way. Customer service is key in our business and this model did not allow us to deliver customer service that was up to our standards. This prompted us to create the CompleteCare program — a comprehensive maintenance package that provides the knowledge,



toolset and structured resources to help overcome the break, fix and repair loop that can hold relationships back.

Some of the benefits of CompleteCare Managed IT include:

- One manageable monthly cost that provides predictable costs for the client and predictable monthly revenue for Impact.
- Measurable successes: We track whether or not calls to our help desk were reduced and if network downtime was reduced, and can convert that into dollars saved.
- It prevents network downtime and increases client efficiency with proactive IT monitoring. With managed IT, Impact is paid the same amount each month regardless of whether or not support is needed. It is in the provider's best interest to ensure the client's network is up and running so there is no need to spend time making service trips. This also benefits the client because less downtime means more time for employees to be productive.
- It is a valuable add-on to the sale and installation of digital imaging equipment. If your dealership is selling a client digital imaging equipment and the client does not have an IT provider or is looking for a new one, your team can drastically speed up this process by offering IT services as well.
- The ongoing support included in extended contracts

encourages a long-term partnership with the client; that can lead to additional up-sell opportunities.

(2) Provide leasing options for managed services — All of our managed IT programs are done with three-year contracts, which include everything IT related — hardware, managed data backup and support, etc. Many IT providers evaluate a business and approach the client with one upfront cost for project setup. Many small-to-mid-sized businesses do not have the financial capabilities to pay all in one lump sum. Attain more clients by giving flexible payment options.

(3) Create custom packages for small and large businesses — Modify the solution based on the size of the company, its needs and its budget. The bulk of our managed IT service is CompleteCare implementations, but we also created a program targeted to internal IT teams. For a monthly subscription fee, companies can rent our toolkit, which also comes with our full support. The Impact toolkit is a custom white-label solution consisting of several of the industry's best IT programs. If purchased à la carte, the programs would cost an organization anywhere from \$200,000 to \$500,000. Our support frees up the company's internal IT team to focus on bigger business process goals, rather than focusing on reacting to network issues.

(4) Drive new value to current clients with new managed IT offerings — Our goal is to make an office environment more productive. Offering clients a proactive, managed IT program takes that idea further, and fits in with our brand and marketing statements. Extended periods of network downtime can halt employee productivity, which is what a managed IT program can help clients avoid.

Take advantage of your existing client base for leads. Position the solution alongside other MPS and document management offerings, which share a similar process

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automation goal. This can also work the opposite way. Managed IT can help you get in potential clients' doors, then, down the road, you can upsell your other business automation solutions.

(5) Start only when you have a solid foundation; do not ruin client relationships with bad implementation — The downside of using current customers for cross-sell opportunities is that you expose those business relationships to potential threats. If a customer

has a bad experience with a managed IT implementation, you risk losing him (or her) as an IT customer and you also risk losing him as a customer for all the services your dealership provides him. We have attained a 93-percent customer retention rate by equipping our staff members with all the training they need to take care of client issues and then making sure they are delivering high-quality service. An existing client base can be a great source of leads — if your team is ready for it. Do not roll out additional services until your team is ready to do it in the most professional manner possible. This will ensure success. ■

Frank Cucco is a 30-year veteran of the office technology industry. He founded Impact Networking LLC in 1999 and serves as its CEO. Impact is a privately held company with 180 employees in 12 offices in the Chicago area, Milwaukee and Madison, Wisconsin, and Indianapolis, Indiana. With 2014 revenues of \$45 million, Impact is highly certified and award winning for growth, customer service and employment. Impact helps organizations create, distribute and manage documents by providing hardware, software, training and support.

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