



BRENT ALLSHOUSE (RIGHT), PARTNER AND CFO, AND TREVE SUAZO, PARTNER AND CEO, OF PLATTE RIVER NETWORKS, SAY 75% OF THEIR ANNUAL REVENUE COMES FROM MANAGED SERVICES OFFERINGS.

# 4 Threats To A Managed Services Start-Up

This provider of networking and VoIP solutions expects its new managed IT services focus to lead to 38% revenue growth.

BY MIKE MONOCELLO

**L**ike many technology companies, Platte River Networks has seen its hardware sales revenue shrink over the years, while service and support revenue has grown. Recently, the integrator took a greater step toward becoming even more services-oriented by bundling and selling managed IT services (such as remote monitoring of servers, antivirus, workstation management, Web defense, and spam filtering) with its on-site maintenance plans. The result has been a sound uptick in revenue, as the integrator-turned-MSP (managed services provider) is on pace for 38% revenue growth in 2011. With many lessons learned and due diligence behind them, the owners of the company, Brent Allshouse and Treve Suazo, can recall all the decisions and situations that led to what the duo feel is a winning managed services practice and all the potential threats to a company new to managed services.

Photos by KC Keefer

## PLATTE RIVER NETWORKS

2010 REVENUE GROWTH RATE: 26%

2011 PROJECTED REVENUE GROWTH RATE: 38%

EMPLOYEES: 21

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# “When you create a bundle of managed IT services, keep it simple and make sure it addresses the pain points of the majority of your customers.”

— Brent Allhouse, Platte River Networks

**Threat 1 — Creating Complex Bundles Of IT Services**  
One important lesson the duo learned early on involves the services bundles the company offered to its customers. Allhouse says that he initially began thinking about bundles by asking, “If I were building the perfect IT environment from scratch, what would it look like?” He then wanted to create a bundle of services that would

create that environment. However, he quickly realized that, for SMB customers, such a bundle would be cost-prohibitive. Rather, the MSP sought to determine what services are most needed by SMB customers and at an affordable price. The resulting base package contains only essential services. “When you create a bundle of managed IT services, keep it simple and make sure it addresses the pain points of the majority of your customers,” he says. “Additionally, don’t create too many bundles, and don’t break them into pieces for customers.”

Currently, Platte River offers two bundles, with plans to add a third top-level option. The MSP took a page out of cable TV’s playbook. Cable providers have certain packages they offer. If you want certain premium channels, you need to upgrade to the higher package. Sometimes, packages contain channels you don’t want. The same goes with the MSP’s managed IT services bundles.

In cases where a customer might not see the value in certain services that are part of their package, Platte River will take the time to show the customer how those services can benefit their company. For instance, one bundled service is remote backup. If a customer doesn’t think they need remote backup, the MSP will find something of the customer’s to back up — a QuickBooks database or something else important to the customer.

There are a couple of reasons why Platte River is so keen on creating simple bundles that can’t be broken apart. “It can become an accounting nightmare if every customer is receiving all sorts of a la carte services,” says Allhouse. “Also, we want to keep things simple for our sales team. There are so many different services we could offer. To put them into an unmovable bundle gives the sales team something standard to sell. We’re a small company, and many employees wear different hats. The more complex we make it, we’re just creating more work for our staff.”

## Threat 2 — Assuming All Customers Want The Same Level Of Service

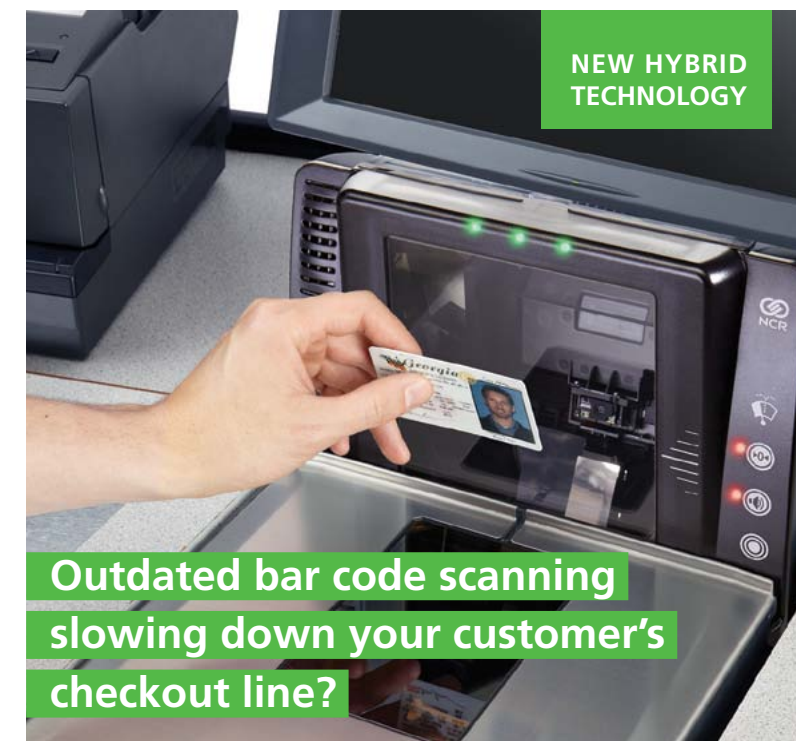
Another consideration is determining the details of service level agreements. Consider that most of Platte River’s customers are professional services SMBs with typical business hours of 8 a.m. to 5 p.m. on weekdays. Now consider that managed services like remote monitoring are 24/7 services. What happens when an alert occurs on the weekend or after normal business hours? The answer depends on the customer. This is an impor-

tant point. “Our small customers might not want the expense of us coming in on the weekend to fix a problem that could have waited until Monday,” says Suazo. “It’s important to build a plan with your customers that outlines what actions are appropriate for different events at different times.” Platte River builds a unique matrix of events and actions for each customer. One customer might consider email the lifeblood of their company. If email goes down, it yields a critical response. For another customer, email might not be as important as their e-commerce server so problems can wait. Once the matrix is built, Platte River makes sure its staff understands the actions for each customer so when alerts reach an on-call technician they know if it’s an event that requires immediate action or one that’s lower priority.

## Threat 3 — Not Communicating The Value You Provide To Customers

If your managed services are adequately addressing the needs of your customers, there’s the potential that your customers won’t even know you’re doing anything for them. “A lot of people who jump into the managed services arena try to run their entire business remotely,” says Suazo. “Many MSPs fail because the customer began seeing the service as only a monthly bill and not something of value.”

For this reason, the MSP says it’s important to have good communication with customers so they know what the managed services are doing for them. Unfortunately, Allhouse feels that the canned reports that come out of most of the software being used for the services are too



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## Don’t Miss Out On VoIP Sales Opportunities

As a networking integrator and managed services provider (MSP) serving professional services organizations (accounting, legal, manufacturing, healthcare), Platte River Networks comes across many opportunities to build solutions for its customers. For the past five years, the MSP included VoIP (voice over Internet Protocol) telephone systems as one solution set the company offered. However, according to partners Brent Allhouse and Treve Suazo, it wasn’t until about 18 months ago —

River Networks was looking for a solution that was priced at a point that was appealing to its SMB customers. Also, the MSP was looking for a partner that could offer scalable solutions that met the needs of growing customers. Finally, the MSP wanted a product with a low failure rate. “In the past, we were constantly having to replace equipment and process returns,” says Allhouse. “We would open a box and 20% of the units wouldn’t work.” After a search, the MSP settled on Allworx and its line of phone systems and IP phones.

Today, one of the MSP’s go-to configurations includes the Allworx 6x system. The unit is designed for small businesses, but can handle up to 60 lines. Another feature the MSP likes is that the unit supports both VoIP and traditional lines, giving customers the opportunity to migrate from a traditional phone system to one that’s IP-based. Other features include unified messaging, an eight-seat conference bridge, and nine built-in auto attendants. However, perhaps the best benefit of working with Allworx has been the reliability of the products. Whereas the MSP’s previous VoIP offerings had issues with failures, Platte River Networks has experienced zero failures in the 18 months it’s been using Allworx.

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PLATTE RIVER NETWORKS PARTNERS WITH ALLWORX FOR ITS BREADTH OF PRODUCTS THAT FIT THE VARIED NEEDS OF SMB CLIENTS.

when a large number of customers began looking to add VoIP — that the MSP got serious about its VoIP offering. “Over five years, we sold four different VoIP products from different manufacturers,” says Treve Suazo. “When VoIP interest picked up, we decided to settle on a product that would better meet our customers’ needs.” Specifically, Platte

technical for customers. Therefore, the MSP is in the process of refining reports that will make sense to non-technical people. The end goal is to overcommunicate what is being done and when it's being done. This is so important that part of the managed services bundles include monthly time for a meeting in which customers are presented reports. The goal of those meetings is to go over the reports and also to discuss any future needs the customer might have.

**Threat 4 — Not Knowing Your Profitability**

Finally, and most importantly, when it comes to providing managed services, one of the most important things you can do is use software that will help you manage your time and customers. In Platte River's case, the MSP uses Autotask software to ensure its billing is accurate and on time, ensure important tasks are on a schedule, identify employees that are underutilized or overloaded, measure the time it takes to perform customer-related tasks, and measure the profitability of each customer. Without such tools, it's difficult to impossible for an MSP to have an accurate gauge of its business.

When adopting a tool like Autotask, it's important to note that adoption isn't an all-or-nothing proposition. Indeed, Platte River Networks has taken its time enabling

and customizing different components of the Autotask software over the past year. "When our business model was different, we relied on software designed for systems builders," says Allshouse. "While we've moved a lot of our business processes to Autotask, we're still running our purchasing through the old software. In time, we'll move everything over to Autotask." Why not jump all in? The MSP says it's important to properly configure the system to fit your business needs. While he feels the company could move faster toward total adoption, he feels more comfortable setting up things correctly and at a responsible pace.

Of course, there were and are more than four threats and challenges the MSP had to overcome and continues to deal with on a daily basis. These four are what Allshouse and Suazo feel are the most significant to an MSP. If you, too, are interested in offering some form of managed services, you'll do well to remember these lessons. ●



*Mike Monocello, a former VAR, focuses on security, supply chain, POS, and payment processing technologies for Business Solutions magazine. He welcomes your comments by emailing [mike.monocello@BSMinfo.com](mailto:mike.monocello@BSMinfo.com).*

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