



A CASE STUDY  
**SECRETS &  
STRATEGIES OF  
EVOLVING CHANNEL  
PARTNERS**  
PLATTE RIVER NETWORKS:  
FROM VAR TO MANAGED/  
CLOUD PROVIDER



# PLATTE RIVER NETWORKS: FROM VAR TO MANAGED/ CLOUD PROVIDER

TREVE SUAZO AND BRENT ALLSHOUSE FORMED PLATTE RIVER NETWORKS, DENVER, IN 2002 AFTER THE DOT-COM BUST WHEN THE DENVER-BASED IT FIRM AT WHICH THEY WORKED WAS CAUGHT UP IN A ROLLUP STRATEGY GONE BAD. POOR MANAGEMENT AND A REVOLVING DOOR WAS THEIR SIGNAL TO LEAVE. GIVEN THE CHANCE TO DO THINGS DIFFERENTLY AT THEIR OWN FIRM, THE TWO WERE KEENLY FOCUSED ON THEIR EMPLOYEES AND CUSTOMERS, BELIEVING THE SUCCESS WOULD FOLLOW. PLATTE RIVER BEGAN OFFERING TYPICAL VAR IT INFRASTRUCTURE (SERVERS, STORAGE, NETWORKING, FIREWALLS, BACKUP, CABLING, ETC.). FOLLOWING A LESSON LEARNED AT THEIR PREVIOUS EMPLOYER, THE OWNERS ADOPTED A PROACTIVE MAINTENANCE MODEL, WITH AUTOMATIC MONTHLY APPOINTMENTS, BUT NOT WITH AUTOMATED SUBSCRIPTION BILLING.

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Treve Suazo



Brent Allhouse

Platte River augmented its all-IT offering with VoIP, but truthfully struggled to do so with both a big brand and a competitive IP PBX offer, which either did not work well, cost too much or did not gain traction with customers. Where it had more success was in adding software applications, e.g., Microsoft Office and Exchange, that would ride over the IT infrastructure.

By 2008, the company had begun to diversify, but its core was still billable break-fix hours and IT infrastructure. Looking for growth opportunities, Platte River's co-owners zeroed in on managed services. They brought on a dedicated resource in David DeCamillis, vice president of sales and marketing, to develop what is now the company's Intuition managed service.

The transition from its legacy maintenance model to managed services took nearly three years to complete, including building a network operations center and help desk. But the most time consuming part was converting customers. "We knew it was new territory," DeCamillis said. "Customers were not used to writing a check each month or submitting trouble tickets. We had to train customers not to call their 'guy.'"

The company also took it slow on purpose. "You need buy-in from your staff. Everyone needs to understand what you are selling and what you are delivering and how to do that," said DeCamillis. "That's why we only did a customer here and there. We didn't offer it to new

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## WE HAD TO TRAIN CUSTOMERS NOT TO CALL THEIR 'GUY.'

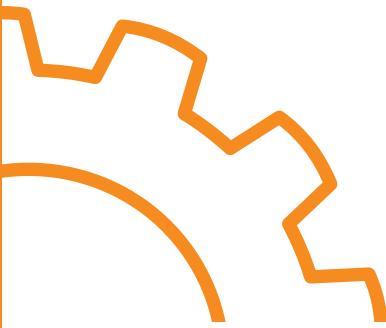
— Platte River's David DeCamillis



customers for a year or two. We knew that we had to get it right."

To start a managed services practice, he said, you need to know what's going into your bundle, how to price it, how to onboard it, deliver it and manage it. "The hardest part is probably the onboarding and management," DeCamillis said. "That's a key piece, because it completely impacts your profitability. If onboards take longer than you project, you lose money. If you underquote the customer, you get killed. You really have to focus and perfect that piece."

Since 2011, the MSP has been focused on improving profitability by refining its pricing and increasing efficiency with better tools like Autotask and Level Platforms. Necessarily, customer experience becomes a priority, to avoid help desk calls.

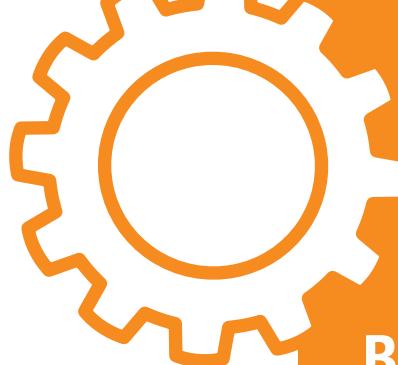


"We've become the IT department for small businesses," said DeCamillis. "We are more sticky and involved in their business decisions." That has translated to 40 percent year-over-year (2012-13) growth in managed services. The company plans to add more to the Intuition model, which now also includes cloud-based services. The beauty of Intuition is that it's branded for Platte River, so the company can move suppliers in or out as needed.

Platte River's foray into cloud services began early on with backup and endpoint security offers. But it picked up in 2009 when the management team noticed an increased shift in computing and applications to the cloud. It wanted to find a way to support customers and prospects who were making the change.

Its first move was to sell bandwidth to customers. "They need it to be up and big enough for the network to run smoothly," DeCamillis said. "To succeed [with cloud], we needed to be part of that [bandwidth] conversation — to own it, to plan it, to manage it, to sell it." So the company launched a telecom division and hired a telecom specialist to run it. It has its own agency agreements with select carriers and it works with Denver-based master agency IQ Wired. (Platte River started a subagent program under a subsidiary for other IT companies under the Dedicated Telecom brand, but it has since been able to drop the name while keeping its subagents.)

A second cloud move was to investigate hosted VoIP. At the time, most were sold over DSL lines, so the quality was poor. Instead, the company found a premises-based option in Allworx, which bundled the system with bandwidth from CLEC PAETEC, its parent company at the time, in a subscription model. The no-capex offer has



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been very successful for Platte River, said DeCamillis, averaging 50 sales per year.

Today, Platte River's cloud portfolio includes cloud data storage, backup and recovery; email with security, archiving and encryption; Web monitoring and security; cloud and dedicated servers, colocation and replication; virtual desktops; and business continuity and disaster recovery.

While Platte River has evolved its business to include a range of IT, telecom and cloud services, its management team also realizes it can't be all things to all customers. Unfortunately, that's a message that often falls on customers' deaf ears. "Once a customer hires you for technology, they assume you know everything," said DeCamillis. "We can do more for the customer, but we admit when we are not the expert."

That has required Platte River to develop a network of strategic partners in areas such as document management, data recovery, technology recycling, Web hosting and design, applications development and database development. To date, these partnerships are not formalized or commissionable, but they are reciprocal. (Some of these partners also belong to Colorado Tech Partners, a membership group DeCamillis formed to enable non-competitive companies to help each other with business development. CTP also sponsors a customer event called the Denver Business Tech Expo.)

Being able to offer the customer both telecom and IT is integral to Platte River's success, said

DeCamillis. "It's two different ways to get in the door and two different ways to get sticky," he said. He has found that customers appreciate having an IT specialist managing their bandwidth installation, rather than leaving it to chance. If they are introduced to the customer with telecom, they often have the opportunity to bid on IT, and vice versa.

As a result of its continued evolution, Platte River enjoyed 20 percent growth from 2012-2013 and expects higher growth in 2014. The company's owners are committed to growing organically, building the competencies internally by hiring and empowering existing employees to take on new challenges. The staff has more than doubled since 2008 and is expected to reach 30 by summer. In turn these resources have enabled Platte River to support ever larger customers — those in the 50-100 employee range and up. In a creative twist, it's keeping its largest customers by outsourcing an on-site IT manager. They get a full-time person without the full-time cost, and Platte River keeps the recurring revenue, DeCamillis explained. Sounds like a win-win.

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