Managed Service Providers and the Future of SMB Consulting

Speakers:

Aaron Timko, Operations Engineer, Xantrion Inc.
Evan Weiss, Network Administrator, Xantrion Inc.
Diana Lara, Recruiting, Xantrion Inc.
Introductions

Aaron Timko, Operations Engineer

Evan Weiss, Network Administrator & UCSC Alum

Diana Lara, Recruiting
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**Resumes Accepted!**

We’re hiring interns and full-time system administrators who are authorized to work in the US.
Managed Service Providers and the Future of SMB Consulting

Review of SMBs and MSPs
Aaron Timko
What is a SMB and MSP?

SMB = Small to Medium Business
- Traditionally under 50-100 for “Small”, under 250-500 for “Medium”

MSP = Managed Service Provider
- Providing services for a monthly fee
- In IT consulting, it’s providing IT support for a monthly contract
- Contrast this to “T&M” or Time and Materials – you only charge the customer for the hours you put in
- Monthly contracts are good
  - Us: Recession proof
  - Client: IT budget is fixed
What Services Do We Provide?

Monthly Ongoing Services

- The majority of our business is services for which we receive a reliable check each month
  - Resolve computer issues for employees
  - Find parts and order
  - Setup new desktops/laptops/handhelds
  - Troubleshoot things like “my computer is slow”
  - Handle all server-related issues

One-time services

- Revamp network design (when acquiring a new client)
- High-end projects for companies with in-house IT who have insufficient knowledge/experience
Xantrion Services By Name

Complete Assessment
- Report on your network relative to benchmarks and best practices, usually leads into Constant Monitoring or Complete Care

Constant Monitoring
- Continuous monitoring of your computer network

Complete Care
- Fixed cost, comprehensive outsourced IT support

Constant Current
- Application and server hosting

Disaster Preparedness
- Services ranging from online backups to DP plans to a hosted network
What does finance look like?

Complete Care – majority of our business

Cost based upon number of devices, not number of employees
- $125 per laptop per month, $90 per desktop, $200 per server, etc.
- If a CEO has a desktop and laptop, that’s $235
- Covers all hardware/software issues, upgrading to Windows 7, upgrading to Office 2010, etc.

30 person office
- $4,000 - $6,000 based upon number of laptops, desktops, servers, etc.
Why choose a MSP?

Cost benefit
- 30 person office, $4,500 per month, $54,000 per year
- Equivalent salaried employee - $60k - $70k plus employee burden – could be $85,000 per year

The SMB gets a Team, not just one person
- 24x7 support
- 24x7 monitoring of servers / network devices for failed components
- Access to 25 technical minds, not just 1

But, are you thinking – is there a break-even point?
- What about a 60 person office… that’s over $100,000 per year!
Is there a break-even point?

Finance Company: 70 Employees, 3 offices

- They spend over $100,000 per year with Xantrion
- Their CFO says, “It’s more money but it’s worth it because of everyone’s combined experience. I have less IT problems because things are setup better. Issues are also resolved more quickly. And when I have a question about video conferencing, they already have experience with it and know the gotchas.”

Non-Profit: 250 Employees, 10 offices

- They spend over $300,000 per year with Xantrion
- The executive team says, “We don’t want to be in the IT business. We just want to do our jobs and not worry about our systems or manage IT personnel.”
Xantrion Mission

Provide clients with a 5 star experience every time they interact with a Xantrion team member or recommended product

- Our average customer satisfaction score for 2010 is 4.7/5.0
- 98% of our clients stay with us year after year
Xantrion Vision

Become the IT department of choice for small and midsized businesses in the Bay Area that value personalized service

- Named one of the fastest growing private companies by the SF Business Times in 2006, 2008, 2009, 2010
- #67 out of 60,000 in MSPmentor (by revenue)
- #2298 on the 2010 Inc 5000

“You can’t put a price tag on the comfort of knowing Xantrion is there for us 24 x 7.”

-CFO, Pacific Mountain Partners
Xantrion Values

Our clients are our reason for being
- Without them, we would not exist

Our people are our business
- If we do nothing other than hire right, we will do well by our clients
- If our people are inspired, they will take the company and its community to places we have yet to imagine

Our community is our future
- Our clients, growing businesses, are the key to turning around the US economy
- We are dedicated to being a spring board for our clients
Questions?
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Day in the Life of a System Administrator
Evan Weiss
Example Responsibilities

- Assist clients with desktop issues
- Create and manage user accounts
- Create equipment quotes
- Identify and assign appropriate resources for escalated service requests
- Assist consultants with projects as needed
- Shadow consultants
- Participate in weekly one on ones with supervisor
- Participate in monthly team meetings and training
- Participate in ongoing coaching and collaboration with team members
Professional and positive
Able to see the impact of your work on a daily basis
Fast paced
Room to grow
Learning oriented and continuously evolving
Everyone has a say in what we do and how we do it
Team oriented
Contribution appreciated and outstanding performance rewarded
Work hard, play hard
People have the information and tools they need to succeed
Questions?
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Virtualization, Cloud, Desktop and Application Delivery

Aaron Timko
Virtualization Alphabet Soup

PCoIP  SAN  MSP

VCP  MCITP  CSA  VDI

SnS  RDP  CSP  VLAN

ESX  iSCSI  ICA  PCP
The Rise of a New Era in IT

Cloud Computing is transforming the delivery of IT services
Cloud Computing Results

We can deliver new business services...

Faster

56

2

Days to Provision a New App

Before

After

At lower cost

$14,235

$5,694

Infrastructure Cost Per App

Before

After

With fewer outages

$30 MM

$4 MM

Business Loss Due to Datacenter Outage

Before

After

* The above data comes from specific VMware customer case studies
Client in-Office Virtualization Example

**Situation**
- IT Infrastructure is at end of life. File, Email, and Application servers are out of warranty and need to be replaced.
- The new solution should provide flexibility for the next five years
- Disaster avoidance is not a huge priority
- Controlling costs is a concern

**Solution**
- Purchase one new server which has lots of disk space and processing power
- P2V (Physical To Virtual) the existing infrastructure and migrate to new, beefy host

**Benefits**
- Buying one server with lots of horsepower is cheaper than purchasing several smaller servers
- As conditions change in the coming years, additional VM’s can be added without additional capital costs
Client in-Office Virtualization Example

Old

- Email
- File
- Database

New

- VMware
- Email
- File
- Database
Situation

- IT Infrastructure is at end of life. File, Email, and Application servers are out of warranty and need to be replaced.
- The new solution should provide flexibility for the next five years
- Disaster avoidance is a priority
- Minimizing on site equipment is a priority

Solution

- P2V (Physical To Virtual) the existing infrastructure and migrate to Xantrion’s colocation facility

Benefits

- With the server infrastructure hosted, the business is insulated against disaster
- The business owner no longer needs to worry about replacing servers as they reach end of life.
- The business owner gets Enterprise Class business continuity without investing tens of thousands of dollars
Client Hosting Example

Old

- Email
- File
- Database

New

- Internet
- VMware
- VMware
- VMware
- SAN

Email File Database

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Situation

- Customer wants platform independence (PC, Mac, iPad, Droid, iPhone, etc)
- Access data and applications from anywhere, seamlessly
- Minimizing on site equipment for security reasons (financial data, etc)

Solution

- Migrate data to Xantrion’s colocation facility
- Deploy an Application Delivery server (VMware or Citrix)
- Remove all applications from existing computers

Benefits

- Likewise, the business is insulated against disaster
- Data is physically secure
- Minimized office infrastructure
- Preparing for the future of computing
Client Hosting Example

Old

- PC
- iMac

New

- PC
- iMac
- Dell Laptop

Different Software versions for Office, Macs not compatible with enterprise software, etc

Only 1 Application – Plugin for accessing the Application Server
You have to keep abreast of trends but not get distracted

- 5 years ago, Xantrion jumped from a T&M shop to being a MSP
- 2009 recession: no one was let go, we still hired, we still had raises
- Our competitors went out of business or shrunk in size by half
- We only focused on doing 1 thing well
  - No SharePoint (document management), no website design, etc

The new trend is complete virtualization and Cloud work

- Virtualizing servers is easy now and prices have gone down
- Virtualizing applications and desktops is the new challenge especially for MSPs
- We need to make the experience as identical and high-performing as what they currently have
Everything is in some kind of “cloud”

- On clustered Unix servers, Microsoft servers, Google’s servers, etc
- Virtualized servers with SAN – Storage Area Network

Internet will be abundant but critical

- Every device with its own 5G wireless card?
- No need for internet in offices?
- However, all internet is built for less than 15% usage – think of disaster scenarios…
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Xantrion Summary, Wrap-up, and Q&A
Diana Lara
Xantrion Facts

- Founded in Oakland, CA in 2000
- 88% growth between 2006 and 2009
- 29 person elite technical team
- 420 servers under management and 2,750 end users supported
- Premium partner for major vendors such as Microsoft, Dell, VMware, Citrix, and Iron Mountain
- Compensation package that includes:
  - 100% of your healthcare premium for you and your family
  - Profit sharing
  - Matching 401K plan
  - Certification reimbursement
  - Monthly in-house training
  - Third party training event each year
  - 17 days PTO
Xantrion People

- Interns and full-time employees
- US based and authorized to work in the US
- 90% retention year after year
- Elite team of professionals
  - 4 year degrees – Information Systems to Film
  - Industry certifications
  - Like people as much as computers
  - Explain technical recommendations in business/layman’s terms
  - Go the extra mile to assist clients
  - Proactive because they own IT
  - Team players
  - Take pride in their work because when done well, IT is a spring board for business

“Dave is an EXPERT but he is so humble about it; I have NEVER felt that my questions were in the "Idiot" realm nor has he ever implied that I've overreacted to a situation that was really no big deal.”
Xantrion Career Opportunities

Profit Sharing, Benefits & Training

Positive Computer Experience

Years

Sys Admin
Network Admin
Consultant
Sr Consultant Ops Mgr

$47K
$65K
$80K
$95K

SOLUTION TRACK | VMware vSphere

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Questions?
Resumes?

We’re hiring summer interns and full-time system administrators who are authorized to work in the US