



INGRAM MICRO CLOUD SERVICES CASE STUDY

Network Medics, Inc.

Founded: 2008

url: www.networkmedics.com

Key Market Vertical: SMB with a focus on medical and precision device manufacturing and professional services

Specializations: IT infrastructure solutions and services

Business Challenge: Provide less restrictive managed services contracts and deliver superior cloud solutions and services

Solution: Work with Class A partners like Symantec to deliver state-of-the-art cloud-based network security solutions and provide short-term managed services contracts that lead to long-term customer satisfaction.

2 Ways to Avoid Managed Services Mediocrity

The fact that IT solutions provider Network Medics is on track to do nearly \$3 million in revenue this year takes on an entirely different significance once you discover that the company has only been in business for five years. Most startups spend their first five years figuring out how to earn a profit, let alone achieve the kind of growth this company has achieved. I recently spoke with James Matheson, one of the founders of Network Medics, to gain some insights that could benefit other VARs and MSPs. Matheson shared with me two things that Network Medics does differently that give it an edge over many of its competitors — even MSPs that have been in business much longer and have several times as many employees as it has.

1 — Don't Sell A Me-Too Cloud Offering

Like many VARs and MSPs, Network Medics recognized that selling cloud solutions and services was going to be a game changer in the IT industry. Rather than following the path of so many others and serving as a cloud referral source, Network Medics wanted to play a hands-on role in helping customers move to the cloud. After seeking Ingram Micro's advice on which cloud vendors to work with, it rented space in a tier-3 co-location facility and relocated its business right next to the facility.

"Now, not only can we offer clients a private cloud service that meets HIPAA requirements, we can even have one of our technicians personally check on a server or other IT appliance, which is something few resellers can claim," he says.

Today, Network Medics offers a mix of internally developed hosted services and third party services to its customers, including hosted virtual servers (branded as VitalVM), which are internally designed to leverage the VMware Service Provider Program (VSPP) and the Microsoft Service Provider License Agreement (SPLA). "Our techs have full management ability, which is a major selling point," says Matheson.

Additionally, the IT solutions provider added cloud-based network security to its offering. "For services that rely on highly complex software or information, like security, we partner with industry leaders like Symantec through their ExSP program and build them into our service offering," says Matheson. "In this way we offer world-class services by packaging the offerings of major players into a custom offering for our target SMB market. We used to spend a lot of time trying to keep track of customer's antivirus [AV] and antimalware subscriptions, and it was always an event trying to renew their subscriptions each year. Plus, the client would often receive a renewal offer direct from the vendor, which led to confusion, frustration, and sometimes lost sales." Now, instead of paying \$30 per year for each end point security license, Network Medics' clients pay \$3 per month, and neither party has to worry about updates and license renewals. "Plus, we can log in to the Symantec Partner Management Console any time and see the security status of any of our clients running Symantec Endpoint Protection Small Business Edition 2013," says Matheson.

"We can even drill down on individual computers and detect anomalies such as the same computer continuously becoming infected. We've used this information to educate our customers about problem employees who run up costs whenever one of our technicians has to come on-site to clean a virus infection." Network Medics currently has half of its clients converted over to Symantec Endpoint Protection Small Business Edition 2013 and plans to convert the rest of its clients as their traditional AV software licenses approach expiration.

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— James Matheson,
Founder Network Medics

2 — Don't Try To Trick Customers with Restrictive Managed Services Contracts

One of the driving factors that led Matheson and his two business partners to start Network Medics was a desire to do IT right. "We knew of several MSPs that used iron clad contracts that locked customers into paying large monthly service fees for long periods of time, but they were using their contracts as an excuse to under-deliver services," he says. "This business strategy is really profitable and might work for a little while, but as soon as the customer is able to get out of the contract they're gone, they're never coming back, and if you're lucky they won't tell too many other companies about their nightmare experience working with you."

Network Medics avoids this situation by

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selling blocks of time in increments of 20, 40, or 80 hours. “Clients can purchase blocks of time each month if they want, and if their remaining balance drops below 10 percent, another block of time is automatically authorized through our Autotask PSA [professional services automation] program,” says Matheson. “Any unused time remaining at the end of the month is rolled over and can be used the following month.

We still have contracts and we still sell monthly services, but this setup keeps us honest and shows our customers that the onus is on us to continue delivering good customer service.” With Class A partners like Ingram Micro and Symantec behind it, Network Medics is confident that it can continue delivering on its promises.