



Michael J. Davey, president,
I.T. Services Group LLC

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- Media, PA
- www.itsgllc.com
- Founded: 1988

A former UNIX shop thrives as a Zenith Infotech partner and eyes cloud computing as the next stage in its evolution.

ITSG'S HISTORY MIRRORS INDUSTRY'S EVOLUTION

I.T. Services Group's (ITSG) history might as well be the history of the PC industry. That's because so many parallels exist between the company's story since it was founded in 1988 and the evolution of the industry.

Originally named R.J. Davey and Co., ITSG started as a UNIX and PC shop, like many of the IT services firms still in business today. Over the years it evolved into a software and services company, putting customers on fixed-fee plans to do monthly maintenance checks on their networks. From there, the company evolved into a managed services provider (MSP) after partnering with Zenith Infotech.

"As the years went by, new products such as Zenith's managed services offering have made the job of providing regular support service much easier," says ITSG President Michael J. Davey. "As soon as we learned about Zenith's program, we signed up and started moving our

regular customers onto the platform."

That was three years ago. Since then, he says, the MSP has been growing at 20% and has placed 80% of its customers on managed services contracts. The company had revenue of \$1.2 million in 2009 and expects to reach \$1.4 million this year. Davey says customers who are using technology to the fullest are actually growing.

To achieve its growth goals, ITSG is promoting its Total Care Managed Services Plan, whereby the company takes over the IT departments of its customers. "For one monthly price, we take care of everything related to our customers' office technology, network installation, and support," he says. "This makes it very easy for our customers to budget their IT expenses and to know that things are taken care of properly."

Davey expects managed services to remain a growth driver for years to come, as more midsize companies

look to outsource their IT departments to an MSP. "Our model is a good one, and it allows our engineers to become experts in taking care of networks and business processes," he says. "Because they get such broad experience, they are able to do more in less time than a full-time IT support person at a medium-sized company."

As such, the economic benefits of the managed services become irresistible to more and more midsize companies, especially those with fewer than 75 PCs. Such companies typically have one key decision maker who is the owner, CFO, or COO. Once they understand the economic and operational benefits of a managed services contract, the decision to embrace the model is easy. "There is still a good market for converting those kinds of companies," he says. And, that market is not limited to specific industries. Any company with two to four servers and 10 to 75 workstations, Davey says, is a good candidate for outsourcing IT support to an MSP.

IT staffers at those midsize businesses, meanwhile, will be drawn to companies such as ITSG, says Davey, where they are likely to learn about more technology areas and



how they apply to a specific company's needs.

THE BUSINESS CONTINUITY CHALLENGE

ITSG also sells Zenith's BDR solution and off-site data backup solution. Central to ITSG's managed services offerings is the BDR solution, an on-site backup and disaster recovery system with granular restore options and optional off-site replication. Davey says the product addresses one of the biggest issues faced by today's SMB companies, which typically don't have an adequate business continuity solution in place.

"The Zenith BDR product is, hands down, the best product on the market to solve that problem," says Davey. "It not only backs up the data on-site and off-site, it also acts as a virtual server when the main one is down. There are still many companies that have not properly solved this problem."

One customer that has benefited from the BDR service is a professional income tax service in Media, PA. The owner says during tax week, the hard drive on his computer failed at about 9:30 p.m. ITSG responded within an hour. All his data had been backed up, so when he got a new drive in the morning, he didn't miss a beat.

Backup and recovery has proven to

be one of the most effective ways for IT services companies to move SMB clients to the managed services model. The service remains a big opportunity for MSPs, and Davey believes it still has a lot of growth potential, so he is marketing it aggressively to new customers. Zenith Infotech's BDR solution, he says, has made the backup process for ITSG's customers 100% better. "With this one product, we are able to give

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our customers the peace of mind they need to trust their computer systems to be there when they need them. It also allows me to sleep well knowing that the backups are being done every day and that they are on multiple machines in multiple places," Davey says.

In addition to managed services, ITSG still sells a fair amount of gear, including Dell servers and workstations, Barracuda firewalls, Hewlett-

Packard printers and Netgear switches. The company now is looking at the iPad to figure out how it can help its clients in the publishing business develop applications for Apple's device. Davey views the iPad as a potential game changer for that industry.

Also transformative, Davey says, is the move toward cloud computing, and it will likely play a big part in the next stage of ITSG's evolution. The MSP is studying various cloud platforms and testing applications, but Davey says he wants to proceed with caution.

"I'm not sure that Internet speeds are ready for it yet for every application, but I'm also smart enough to know that in this business, changes happen quickly."

Whatever changes happen, ITSG will be ready. Change, after all, is in the company's DNA. And as Davey well knows, adapting to change can be essential to survival in the IT channel. As cloud computing expands and evolves, it will attract large IT companies that will try to muscle out smaller services firms such as ITSG, he says.

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"We need to be careful to provide the personal touch that fellow small and medium-sized customers want from their IT providers," Davey says. "We need to still stand in the gap and help our customers set up the best environment that the current technology affords."

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