

Managed Services Success Stories

VAR INCREASES BUSINESS 40 PERCENT IN ONE YEAR VIA MANAGED SERVICES

MARATHON CONSULTING RAISES ANNUAL GROWTH RATE, REDUCES HEADCOUNT WITH ZENITH BDR

As co-workers at a dot-com, Bill Stucklen and Scott Wilson experienced first-hand how difficult it was to find affordable tech help. So in 2002, they became that help; Stucklen and Wilson founded Brooklyn, N.Y.-based Marathon Consulting, with a mission to help SMBs increase margins in their business by using IT to enhance people and productivity.

The business grew, but it wasn't until Marathon transitioned to managed services that the company began racking up annual growth rates of 40 percent and more.

Originally established as a 100-percent break/fix operation, Marathon began exploring managed services in 2005 to serve its wide range of customers; this includes non-profits, service businesses, construction companies and a host of other verticals. At first, Marathon actually ran two separate managed services models, one for servers, the other for desktops. However, running two MS platforms soon became cumbersome, so the

SCORECARD

Solution Provider:
Marathon Consulting

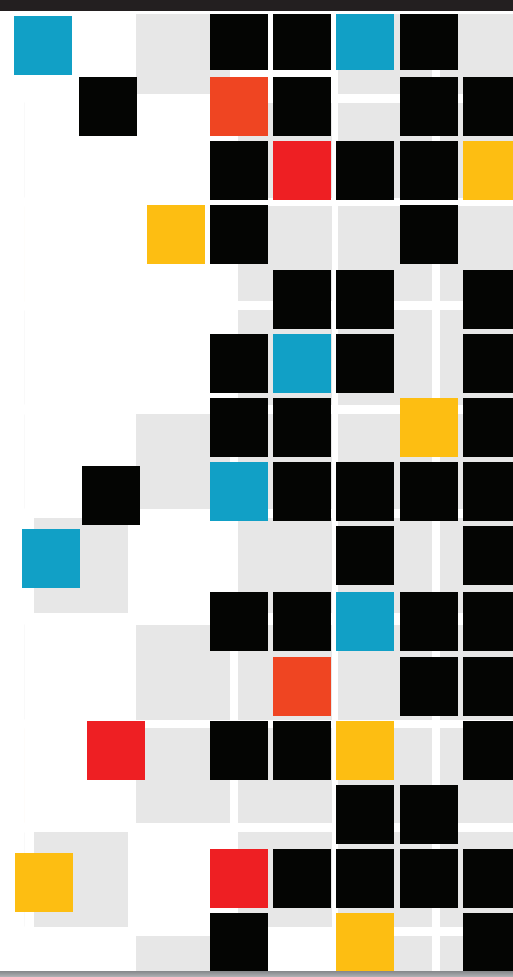
Vendor:
Zenith Infotech
(www.zenithinfotech.com)

Solution:
A managed services platform that increases growth rate, reduces headcount.

company chose to run one platform via Zenith Infotech.

"From a speed-to-market perspective, it was easier for engineers to ask Zenith folks questions," says Scott Wilson, CEO of Marathon, where Stucklen serves as president. "We also liked being able to go to a portal versus designing a solution from scratch."

Marathon started by offering Zenith's Backup and Disaster Recovery Solution and soon added remote monitoring; today the two are bundled and offered with or without on-site support under the



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**SCOTT WILSON, CEO,
MARATHON CONSULTING**

“OUR CALL VOLUME WENT DOWN SIGNIFICANTLY. WE INCREASED OUR BUSINESS 40 PERCENT IN 2009 AND DECREASED HEADCOUNT. AND WE INCREASED ANOTHER 40 PERCENT FOR THE FIRST SIX MONTHS OF 2010 AND HAVE NOT ADDED HEADCOUNT.”

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names m-Watch and m-Watch Plus.

“Our call volume went down significantly,” says Wilson. “We increased our business 40 percent in 2009 and decreased headcount. And we increased another 40 percent for the first six months of 2010 and have not added headcount.” Managed services now brings in 75 percent of Marathon’s revenue even though just a third of its clients have moved m-Watch so far.

Managing Change

The biggest changes occurred at Marathon following suggestions made by IT solutions provider consultant Taylor Business Group.

Marathon replaced its sales staff and revamped its selling style to better suit the managed services type of sale. “We don’t talk about price anymore,” says Wilson. “There’s no real negotiating or haggling. It’s just, ‘here’s why we think we’re better.’”

In addition, instead of switching its engineers from break/fix to proactive services, Marathon hired a new engineer dedicated to proactive services when it added managed services offerings.

“My feeling is that break/fix engineers are break/fix engineers, and proactive engineers are proactive engineers,” says Wilson. “They think differently.” However, since managed services prevents many of the issues that once required fixes, much of the break/fix engineers’ time is spent on add/change/move work and supporting Blackberries and hand-helds.

Customers also regard Marathon differently, says Wilson. Before, making a call to the VAR was spending money, so its customers would appoint one person to gather up several issues until a call was justified. Now, users call their MSP directly when they need help, instead of funneling all issues through a single point of contact. That leads to happier

customers and ultimately, fewer incidents, Wilson says. Several disaster recovery incidents, such as a flooded server room, have also demonstrated to customers the value of BDR. “Everyone thinks their data is mission critical,” says Wilson. “It only takes one data loss for someone to see the value.”

A Different Kind of Sale

Offering managed services has also changed the way Marathon regards customer acquisitions. While some MSPs insist on a certain level of infrastructure before they’ll take on a managed services client, “we’ll pretty much help anybody,” says Wilson. “We’ll buy things for the customer, and not bill back – we throw it in to get managed services signed. We expect it to cost us money in the first three months. Years two, three and four are what we’re looking for and what brings value for the business.”

Managed services have changed Marathon’s culture as well, with even break/fix staff thinking about preventing small issues before they become big ones. When engineers are out on calls, they can now look for emerging problems—allowing them to alert the customer immediately—thus avoiding a potential emergency situation. There are now fewer on-site calls, and the feel of day-to-day operations is more proactive and less reactive. “We used to deal with a lot of crises,” says Wilson. But thanks to managed services, “our whole business has changed.”

Moving forward, Marathon is simplifying its face to customers by emphasizing two main lines of business in its marketing: virtual desktops and managed services, while continuing to offer its full variety of services. They’re also shifting away from small operations with just a handful of employees, toward those with a minimum of five seats. Wilson expects a strategy will lead to 60 percent growth for all of 2010. ■