

Managed Services:

Economic “Engine” in Michigan

Cost is always a factor so it pays to leverage partnerships for maximum return on investment for all stakeholders.

By Jabulani Leffall

PROFILE

» **Mike Ritsema**
» **Owner and Managing Partner**
» **i3 Business Solutions**

Services Offered:
Technology implementation and maintenance services, managed enterprise services and Web application integration.

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An economic downturn, larger business trends, gluts in supply and contractions in investment can affect any and all business from the smallest to the largest—sometimes adversely.

Nowhere is this apparent than in the state of Michigan—home to America’s largest automakers—where even the smallest hiccup can reverberate in segments that seemingly have nothing to do with cars, such as IT services.

“Fifteen percent unemployment is nothing to take lightly,” explains Mike Ritsema, owner and managing partner of Western-Michigan based tech solutions provider i3 Business Solutions. “It’s a good thing for the auto bailout and the quick turnaround in the Chrysler and bankruptcy proceedings that things aren’t worse and also a good thing that Grand Rapids is in the western part of the state and better off than most areas.”

Yet and still, cost, especially in leaner times is always a factor, says Ritsema, who along with partner Kathy Labozzetta runs the 18 year-old IT service, consultancy and support business as a tight ship.

The company offers network, technology implementation and main-

tenance services, managed enterprise services and Web application integration.

What can help defray these costs for companies such as i3 and the clients they serve is partnerships, either through channel links, joint ventures or service level agreements. This is what i3 prides itself on.

It is partnered up with the biggest names in the industry as a Microsoft Certified Gold Partner and Certified Business Solution Partner, VMware Enterprise Partner, an IBM Premier Business and Dell Certified Partner and a Symantec Partner among others.

But perhaps the most progressive partnership, Ritsema opines, has been Zenith Infotech, which, interestingly enough Ritsema discovered not through well thought-out due diligence or comprehensive requests for proposals but through none other than yet another partner in Heartland Technology Group, which is part of a trade association of other managed service providers Ritsema is involved in.

“Three or four years ago we invested money in managed services and in the case of Zenith we just sort of found each other,” Ritsema recalls.

“And then so they come in with a monthly services plan, which was a big plus for us cost wise and we have an automatic support team through them.”

Ritsema says more than 90 percent of his managed services business segment is deployed using Zenith services. The company leverages Zenith’s Back up and Disaster Recovery Solution as well as server and desktop support services.

“What happened really when we first went into managed services was that I was attending peer groups and was looking at how to shore up profits through managed services,” said Ritsema. “Once we got on board with Zenith and they got on board with us and things sort of gel, we started to grow and I can say now that our managed services segment is the most profitable and predictable part of our business and you know what, I like profitable and predictable.”

Since IT operations is an always necessary but rarely revenue-driven segment of an individual enterprise, Ritsema says he prides himself on holding his company and more than 25 in-house staffers accountable for “quantifying and measuring the cost savings, business productivity gains,” as well as sales and customer service growth and development in determining the return on investment for every IT resource planning dollar spent at each of his clients.

Ritsema is not alone in this assertion, saying that his peers are aware that return on investment isn’t always through dollar-for-dollar measurement but through efficiency that allows clients to think of IT as a seamless and operative complement rather than a huge technology expense.

“I think Managed services in general is a growing trend and will be profitable as it evolves and gets more competitive,” he said. “Certainly competitors are cropping up everywhere because the opportunities are so vast.”

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Certainly, a recent research report from telecom and software support consultancy Ovum—a report commissioned by Cisco Systems—supports Ritsema’s assertion.

The study, recently predicted, based on respondent sampling that that the global market for managed services in myriad industry and sector verticals would reach revenues of \$66 billion by 2012.

The study called upon approximately 1,300 enterprise managed service users in about 14 different countries.

With the advent of virtualization technology, the shift to hosted services almost seems inevitable as internal costs would likely exceed the benefits of maintaining in-house staff at even the smallest companies, Ritsema said.

“Plus what we’re doing is driving service solutions from the stand point of service level agreements as opposed to hourly project billing,” he said. “What Zenith, for instance, allows us to do deliver the solution with a reliability and quality that leads to customer satisfaction.”

When customers are satisfied and costs are down everyone’s happy, said Ritsema, even in uncertain times.

“In this economy, particularly in the state of Michigan it’s been a rough

ride, but we’re focusing on the positives and focusing on the future, while being mindful of the present and the opportunities it presents.”

Ritsema knows as well as anyone that so goes the local economy, so goes local businesses and that can be in either direction depending on many factors, some of which are beyond his control. What Ritsema can control, he says, is his service rollouts and how they are presented as value-added propositions to clients with the knowledge that low cost and high efficiency are the ideal tandem given the fiscal climate many are facing in his home state of Michigan and elsewhere.

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