

CHANNEL SUCCESS STORY

the SMB Market

For K I S, success in serving the small to medium size business market comes down to getting to know the customer and finding the right solution from a core group of trusted vendors. “We find the customer’s pain point,” says COO John Marciano. “It’s about credibility, rapport and relationship—you have to earn your stripes.” K I S, which stands for Keep IT Simple, has certainly earned its stripes through the years, growing to about \$25 million in annual sales with about 45 employees. Its “sweet spot” is in selling to small and medium-sized businesses, and it has identified some key trends that are helping to drive this market. They include: Data Consolidation and Management; Green IT; Virtualization; Security and Unified Communications. This Channel Success Story will give you insight into how K I S is addressing these issues and “earning its stripes” in the SMB market.

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Case Study: K I S

By Al Perlman

The Nye County School District, in Pahrump, Nevada is one of the largest school districts in the country, at least if you measure by the amount of ground it covers. The district supports more than 6,000 students attending 18 schools spread over 18,000 square miles of the Nevada heartland. It takes five hours to drive from one end of the district to the other.

When the district was looking to upgrade its elementary schools' computer lab in the southern end of the district, it turned to K I S, a solutions provider based in Fremont, Calif., with more than 20 years experience solving IT challenges for corporate, education and government organizations. The goal was to get the school labs off of individual desktop PCs into an environment that was simpler to manage, maintain and troubleshoot.

The solution K I S came up with was a package of Dell blade servers and a Dell EqualLogic storage-area network with thin clients running the Citrix application delivery platform. Now all of the storage for the systems is centralized, all of the applications are hosted on just a couple of servers and the cost of managing and supporting the labs has dropped dramatically. The result: The district is so happy with this solution, it is planning to build a second, similar deployment for its second data center in the northern part of the district. Eventually, the district plans to eliminate nearly all individual PCs on the network and move to thin clients to even further improve ease of management.

For K I S, this was a typical deployment in this sense: The customer identified a technology challenge and it trusted K I S to come up with a viable, innovative solution that took advantage of a mix of products and technologies from a core group of trusted vendors.

"We often tend to be project-based," says John Marciano, chief operating officer at K I S. "We find the customer's pain point, tell them what we have, what kind of expertise we can bring to them and find out where we can assist them. We identify the hardware, technical resources, design, deployment, implementation and post-sales support. It's about credibility, rapport and relationship—you have to earn your stripes."

K I S, which stands for Keep IT Simple, has certainly earned its stripes through the years, growing organically and through acquisition to an organization with about 45 people and approximately \$25 million in annual sales. About half of its business is in IT services, and about half is in product sales and licensing, Marciano says.

"IT is being asked to do more with less, and EqualLogic offers simple solutions and a much lower cost of ownership," Marciano says. "When we do an on-site demo, we bring an EqualLogic box out and have it up and running in their environment in less than 15 minutes. Plus, it's so easy to expand and scale and grow."

Brad Goubeaux, sales manager at K I S, says the company's "sweet spot" is in serving small and mid-sided businesses—generally around 250 employees to 1,500 employees—that have some level of complexity in their IT operations. In the SMB market, Goubeaux and Marciano say, it is extremely important to be open and flexible and to be capable of offering a wide range of solutions.

"We have one customer, a Web hosting company, that has 300 servers for 70 employees," Goubeaux points out. While a company such as this doesn't necessarily sit in K I S' sweet spot as far as company size, its IT requirements are far greater than companies many times larger. There are also some deployments in which K I S functions as the entire IT department for its customers.

"We have a couple of employees we see twice a year—at the company picnic and the holiday party," Marciano says. "Our people run the entire IT operations for their customers. At Santa Clara University, our largest customer, they have a ton of technology and a very small IT staff. They could not do their operations without us."

So while the SMB market for IT services and solutions is as diverse as the companies that comprise it, Marciano and Goubeaux do see some common themes that have emerged during the past few years that are helping to define the needs of SMB customers everywhere. Among these themes are:

■ **Data Consolidation and Management:** Businesses are recognizing that they can gain greater control and efficiency by moving away from the older architecture of an internal disk drive for each server, and moving towards an environment of centralized storage using storage-area networks. K I S, in fact, was one of the first resellers to offer the EqualLogic product line and is a strong advocate of the Dell EqualLogic platform.

■ **Green IT:** Goubeaux points out that in California there are many financial incentives to reduce power consumption, including rebates for every server that is de-commissioned. This is creating a demand for more efficient Dell blade servers that use VMware, and also increasing the need for Dell EqualLogic SAN storage. This is a critical area in which Dell's processors based on the Intel platform take advantage of Intel's investment in reducing power consumption. "Intel has done a great job in reducing power consumption on all of its processors and this equals green IT for small businesses," says Eric Townsend, SMB Market Development Manager for North America at Intel.

■ **Virtualization:** This ties in with the movement toward green IT. As an example, Goubeaux says that Web hosting company with 300 servers is looking to go to a virtual environment, using Dell and EqualLogic hardware and VMware, which will reduce the number of servers to no more than 100. "Think of all the power that's being saved, and the square footage and BTUs—everything gets crunched down. You may be looking at a 10-fold reduction in energy consumption in that type of installation," Goubeaux says. Virtualization is an area in which Intel provides highly innovative value in both improved performance and reliability which is critical for consolidated workloads in virtualized servers. "If I'm a VAR and I haven't embraced virtualization, I'm probably losing business," says Hugues Morin, marketing manager of the Americas Marketing Group at Intel. "Having server platforms optimized for virtualization allows resellers to manage hardware remotely, to deploy new services quickly, so save money on energy efficiency and to add new recurring revenue streams in the management of IT infrastructure and services."

■ Security: Marciano points to the Nye County School District implementation: "At one point you had 30 points of presence and you had to manage each one separately, to do updates, patches, spyware and anti-X software. Now, with centralized computing and storage, you're basically managing one box."

■ Unified Communications: "This is one of the big applications we're seeing in the SMB market," Goubeaux says. "People are looking to get off traditional PBX and get into voice over IP. This is an application that was typically for larger enterprises, but now smaller shops are seeing the benefits."

With all of these challenges facing both solutions providers as well as their end-user customers, Marciano and Goubeaux emphasize that it is critical for channel partners to align themselves with trustworthy, industry-leading technology companies that are committed to the channel and committed to developing advanced technology solutions.

Keys to Success in The SMB Market: Supporting Standards, Supportive Partners

K I S TAKES PRIDE in its partnerships and in its ability to provide small and medium size businesses with vendor-agnostic solutions that address the needs of the customer and not the technology provider. On the company's home page at www.KIScc.com you can see the following description: "As a multi-platform consulting and support provider, K I S works with our Clients to build a stable, manageable, networking using 'best of breed' technologies."

These partners include Microsoft, Novell, Citrix and, of course Dell and Dell EqualLogic. One of the aspects of its partnership with Dell that is particularly important to K I S, is the dedication to standards and, particularly, its commitment to the Intel architecture.

"Dell is a Tier 1 supplier and Intel is a Tier 1 supplier and the combination of those two manufacturers gives you a best of breed product," says John Marciano, chief operating officer at K I S. "The other thing we appreciate about Intel—aside from its leadership in advanced technology—is its commitment to marketing and to supporting its manufacturers, such as Dell."

For its part, Intel is focused on the key areas that K I S identified as critical to the SMB market: Data Consolidation and Management; Green IT; Virtualization, and security.

"When you look at the power savings, and the ROI, we can see tremendous advantages in replacing an old server infrastructure with a new one using Quad Core Xeon Processors," says Hugues Morin, marketing manager for the Americas Marketing Group at Intel. "With Intel Virtualization Technology we're able to bring business models to a much broader set of companies and at a much better cost. If you look at building a disaster recovery solution for SMBs, for instance, this used to cost a lot of money - you had to replicate all of your hardware. Now with Intel VT you don't have to do that. So it costs less, and you get more efficient hardware as well.

"For VARs and solutions providers, it's not just a matter of cost savings, but time and management," Morin adds. "If you install server platforms optimized for virtualization, you can be dramatically reducing the time it takes to deploy a new service. Now, instead of taking weeks, if not months, you can do deployments simply and easily by moving files around. You can deploy new services much more quickly and with a great deal of agility."

For K I S, the ability to move quickly and with more agility is critical as its customers grow their businesses and their IT requirements. That's one of the reasons why it is committed to standards, why it is focused on training and education and why it is proud of its key technology partnerships and its vendor-agnostic approach to solving customer problems. Says Marciano: "It's very important that we offer our customers options and choices and best of breed products." —By Al Perlman

K I S' technology partners include Microsoft, VMware, Citrix and, recently, Dell, which came about as a result of Dell's purchase of EqualLogic earlier this year. As mentioned, K I S has been a strong advocate of EqualLogic for more than five years.

"IT is being asked to do more with less, and EqualLogic offers simple solutions and a much lower cost of ownership," Marciano says. "When we do an on-site demo, we bring an EqualLogic box out and have it up and running in their environment in less than 15 minutes. Plus, it's so easy to expand and scale and grow. We often wind up selling multiple units to the same customers, as in the Nye County School District. The one thing for sure about storage—you're going to run out of it."

Since EqualLogic has been acquired by Dell, Marciano and Goubeaux have been impressed by Dell's commitment to its channel partners. K I S is now a certified partner within the Dell PartnerDirect program, which was launched in December 2007 to help formalize Dell's relationship with partners and to beef up the ways in which Dell supports partners through marketing, financing, training and certification programs.

"Since they rolled out the program we've had several higher-ups from Dell come out here, and they've been all ears," Marciano says. "They really want to know what's going on with us, how they can help. They tell us what changes are happening – what will happen quickly and where we need to be patient. I was named to be part of a 21-person council and went to Austin and met with Michael Dell. They wanted to know what we're concerned about. This makes me more motivated—the fact that they have quality people really willing to help us."

Marciano recognizes that building a partner program and fully committing to the channel is more than just a change in direction for Dell: It's a recognition that today's world is much more complex, particularly for small and medium size businesses that have access to technologies, applications and solutions that were previously the strict province of large enterprises.

"It's amazing to me, after competing with Dell for over 20 years, I'm now a part of their team and selling their products," Marciano says. "Customers want to feel good about what they're buying—they want to look you in the eyes and make sure they can trust you. Huge companies are never going to get that one-to-one, face-to-face relationship that customers are going to get from a small reseller. When the customer sees the K I S sales rep and the K I S engineering staff, they know they're going to keep seeing the same people and we're going to give the customer what's going to work in their environment.

"We're so excited to be working with Dell," Marciano adds. "I've got 60 business cards from Dell employees all asking what they can do to help us. I'm looking forward to building my business around Dell and I'm proud that they recognize that they need a company like K I S to bring in that certain type of small and medium size customer."

ABOUT THE AUTHOR:

Al Perlman has been writing about the channel since the late 1970s (sad, but true). He was the founding editorial director of both CRN and VARBusiness. More recently he was involved in the launches of the Web sites MSP Mentor and The VAR Guy, and in the publications TechIQ and Smart Partner.

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Dell Inc. (NASDAQ: DELL) listens to partners and customers to deliver innovative technology and services they trust and value. Via PartnerDirect, Dell's new partner program, channel partners can leverage Dell's business model to operate more profitably and efficiently, as well as to gain access to the cutting-edge technology that has made Dell the #1 choice for business systems globally. We are committed to our channel business and through PartnerDirect, our goal is to create lasting, mutually beneficial relationships with solution providers. Dell's goal for partners: less-complexity, more value. For more information on PartnerDirect and to register in the program, please visit www.dell.com/partner. We hope that you'll join us.

About Intel

At Intel, we believe in innovation. We're driven by it. We live by it. And it's this principle that led us to create the world's first microprocessor in 1971. We never stop looking for the next leap ahead—in technology, education, culture, manufacturing, and social responsibility. Intel's award-winning channel programs have led the industry for over ten years. Today, Intel is excited by the innovation and investments Dell has delivered to help Partners' grow their own businesses.