A Revenue Rocket perspective by CEO Mike Harvath.

RCP | ROCKET AWARD
RECOGNIZING EXCELLENCE IN GROWTH
PRESENTED BY Redmond Channel Partner REVENUE ROCKET

I am pleased to announce that Revenue Rocket has teamed up with Redmond Channel Partner magazine to create the RCP/Rocket Award. The submission period for entries is open, so take a minute to learn more about the award and how to participate.

The award will recognize and honor excellence in growth, and it will be awarded to up to three IT services companies whose innovative business strategies have resulted in sustained growth over a three-year period.

The award is open to all U.S.-based IT services companies with annual revenues between $5 million and $75 million that provide a 1-2 page case study describing their business strategies and how they have resulted in growth over the past three years. **Deadline for submissions is May 1, 2013.**

All entries will be evaluated by a panel that includes myself plus Scott Bekker, Editor-in-Chief of Redmond Channel Partner magazine, and three other distinguished guests with hands-on experience in growing an IT services business.

The entries will be evaluated on two key criteria:

1. **The strategies.** What unique combination of strategies did you employ to generate the results you

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Scott Bekker
Editor-in-Chief
Redmond Channel Partner

"This award is a terrific opportunity to showcase those companies whose business strategies are winning favor in the marketplace."

Click HERE to read Mike Harvath's column in the achieved? This section will constitute three quarters of the evaluation, as we are most interested in understanding what strategies drove success., and how they did.

2. **The results.** What did your company achieve over a three-year period in terms of revenue, profit, and other relevant metrics you deem appropriate? This will account for a quarter of the evaluation.

To be considered for the 2013 RCP/Rocket Excellence in Growth Award, companies must submit an essay, in case study format, that documents and supports their company's growth over the last three years: 2010, 2011 and 2012.

The format of the case study should include:

1. **Company Background:** Describe how you are positioned and differentiated in the market in terms of vendor alignment, technology focus, geographic reach, vertical emphasis, etc.
2. **Strategic Initiatives:** Identify the key strategic initiatives that your company implemented and how they drove your business over this period. This could include mergers and acquisitions, geographic expansion, new service line offerings, sales and marketing programs, key hires, etc.
3. **Performance:** Describe your company's performance over this period, including revenue, profit and any other metric that makes your case.
4. **Lessons Learned:** What have you learned as a result of this effort?

In addition to an award plaque, winners will also be the focus of an article in a future issue of Redmond Channel Partner magazine, and a donation will be made in their name to a charity of their choice. Send submissions to sbekker@rcpmag.com.

—Mike

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November 2012 issue of *Redmond Channel Partner* magazine, titled Seller Beware: Customers Want Vertical Partners, Not 'Generalists'

A conversation with Dale Klein

Dale Klein is the President and CEO of Parallel Technologies, located in Eden Prairie, Minnesota. The company designs, implements and integrates networks and critical infrastructure for data centers and buildings.

What's your education and background, and how did you get started?

"I graduated with a degree in finance and accounting from Minnesota State University, followed by an MBA from the University of Dallas. My first job was with Burlington Northern, starting in their corporate management program, which included a stint in the IT group, where I found my home. From there, I joined a national consulting firm, and in 1996, along with a few colleagues, started a high-tech company, Javelin Technologies. In 2002, we sold the company to Perficient, where I remained with the company in an executive role until 2004."

"In 2005, I purchased Parallel Technologies, which at the time was a small cabling company. On the surface, it seemed odd to buy a low-voltage structured cabling company, but my interest in it was the fact that I could see how basic infrastructure was moving to a software application running on a network. I thought we could bring a unique perspective on this shift in the market because infrastructure was going to get very complicated, thereby opening up all kinds of new opportunities."

Where are you now with Parallel Technologies, and where do you want to be?

"Right now we're forecasting $33MM in revenue for 2013 and tracking to our $50MM goal in 2015. We are a company with a unique ability to unify IT and facility infrastructure in data centers and buildings, but honestly, we believe that we only have scratched the surface as to what we want to accomplish. We are still in the early stages of intelligent infrastructure, and I expect there will be several key technology shifts along the way. We are currently designing, implementing and managing IP-based infrastructures every day, but I look forward to when all the systems work together across the enterprise where data is collected, mined and analyzed to fundamentally change how buildings operate."

What's your outlook for the industry over the next few years?

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Dale Klein
CEO
Parallel Technologies

"I think more than anything else, if you're a services company, it's all about your people. If you have the wrong vision but the right people, you can figure it out, and/or adjust to the right vision. If you've got

"I'm very optimistic; it's a great time to be in the industry. Let's face it, data is exploding with many different sources, such as video communication, intelligent infrastructure, monitoring systems, surveillance cameras, social applications and mobile devices, all producing data at alarming rates. This data is traveling over the network and stored in the data center, which demands a robust infrastructure that cannot fail. The companies that understand how to best manage and analyze the data will have a significant competitive advantage. With "Big Data," we're talking about mining large volumes of data from a variety of sources all to gain business insight in near real time, and historical perspective. It's changing how people are thinking about their data center and network and infrastructure."

When you look at your customers, what should company CEOs or CIOs be focusing on in 2013?

"To be honest, from a business perspective, I wouldn't tell them anything differently than I probably would have told them a few years ago or even 10 years ago. I would ask, do you know what your vision is, do you have clarity, and do you have alignment with your people, your processes, and your technology? If you don't, you're going to have problems. Technology, including our services needs to be aligned with the client's business strategy."

What's driving your success?

"Data center consolidation continues, and what we're seeing is that companies want a partner that understands both the IT and facilities infrastructure. Both are different engineering disciplines, but are critically intertwined. Additionally, they are seeking more control, transparency and early detection across their data centers so they know exactly what's going on all the time to avoid unplanned downtime. This fits very well into our wheelhouse, because there is a fundamental requirement to fully understand both the facilities and IT infrastructure. Power and cooling are absolutely critical to meeting the changing requirements of a complex infrastructure. We can bring all those disparate infrastructure areas together into one resilient solution."

"We also see continued adoption of IP- based infrastructure in offices, industrial facilities and schools. Integration with other infrastructure is becoming much more of a factor for our customers. We're living in a world in which facility security is becoming critically important, and IP-based security is a far superior alternative to what's out there, as it allows integration into emergency response, video analytics, integration of software applications, etc. I can see businesses, schools and companies getting much more advanced with security requirements. We're also seeing a greater emphasis on federated security, which is how communities, police, fire, emergency responders and schools are integrated. This is an area where we can bring a lot of expertise to bear, where we see great opportunities."

When an IT services company's growth stalls or declines, what might they have done wrong?

the right vision and you've got the wrong people, you're not going to make it. In a services business, your intellectual property can walk out the door any time. So it's not just serving the customer; you're also serving your employees."

"I think more than anything else, if you're a services company, it's all about your people. If you have the wrong vision but the right people, you can figure it out, and/or adjust to the right vision. If you've got the right vision and you've got the wrong people, you're not going to make it. In a services business, your intellectual property can walk out the door any time. So it's not just serving the customer; you're also serving your employees. During the down cycle we had, we were planning to come back swinging and to change and morph into something better, and we needed to have an energized and passionate team. We did, and with that amazing things began to happen."

What pieces of advice, what lessons learned, would you like to share?

"I guess first and foremost, you have to be passionate about what you do. Second, spend all the time you need to clearly articulate what your vision is for the company and keep focused on that vision. Third, hire the best people and be certain that they are aligned with your vision. Lastly, if you do these things right, and manage your cash flow wisely, you're going to succeed."

You may contact at Dale at dklein@ptnet.com or visit Parallel Technologies at www.ptnet.com.

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Comments and Feedback
We welcome your comments, suggestions and criticisms. Send them to Mike Harvath.

www.revenuerocket.com

A conversation with Alan Kahn

Alan Kahn is the co-Chief Executive Officer of AKA Enterprise Solutions, a New York City-based, Microsoft Gold Certified Partner dedicated to the implementation, training and support of the Microsoft Dynamics line of products including Microsoft Dynamics GP – (Great Plains), Microsoft Dynamics AX (Axapta) and Microsoft CRM, as well as Microsoft- based portals and business intelligence solutions.

What's your background, and how did you get started?

"After having graduated from Rutgers University in New Jersey with a BS in Accounting and a BA in Economics, I began my career with Arthur Andersen as a member of the audit and consulting group, staying there about two years. I then went to work for a mid-sized distribution company focusing on the building market in a strategic management role. In the late 80's, the company encountered some recessionary turbulence and reading the tea leaves, I decided that being an entrepreneur was where I wanted to be, so in late 1992, I founded AKA Consulting Services, Inc."

"Jump ahead a few years and its 1996. A client of mine needed an accounting system, and Great Plains seemed to be a good fit. Shortly after putting it live, Great Plains reached out to me to encourage me to get more involved with their software. I decided to do some diligence on the company by attending the Stampede partner conference in Fargo, ND in October 1996. Between meetings, I was sitting in the Holiday Inn bar rooting for the Yankees against the Texas Rangers in the 1996 ALDS. It seemed to me that everyone in the bar was rooting for the Rangers, except for one other lone Yankee fan, a guy who it turns out was also from NYC named Jack Ades. Jack had his own Great Plains consulting company at the time. We ended up watching a number of games together that week and decided to stay in touch upon our return to NYC. Almost a year and a half later, Jack gave me a call saying he had just split with his business partner and he wanted to know if I would consider merging our companies. Well, not long after we did just that, and needless to say it's proven to be an amazing partnership."

So where is AKA Enterprise Solutions now and what makes you unique?

"We are tracking to be $16MM in revenue, vertically focused in financial services, media, and a few process/discrete manufacturing verticals newer

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Alan Kahn
co-Chief Executive Officer
AKA Enterprise Solutions

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to our company, as a result of an acquisition done last year."

"I think one of the elements of our success has been the culture we created for the company. We've anchored our culture around eight shared values that define how we conduct business every day. We hire based on these values, which creates a unique work environment where everyone is on the same page."

"One characteristic that makes us successful as business leaders is that both Jack and I started out as business people, rather than as technologists. It seems a lot of companies in our space were started by one or more technology consultants, who may have done a project for a client, figured out how to install, configure and set up the software, and all of a sudden the licensor of that software approached them to say, hey, would you like to become a reseller for us, and pretty soon they've got a business going for themselves. Having a business background has been beneficial to us, because we don't have to learn many of the basics of growing and managing a business that are harder to learn, and at the same time, we found we can hire the technology talent we need."

What's your outlook for your company over the next few years?

"We're pretty bullish for 2013 and the next few years, as companies continue to slowly recover and invest in systems that will help them improve revenue and efficiency. We're launching two new verticals based on Dynamics AX, one in the public sector, and another in chemical and pharmaceutical manufacturing. We did an acquisition in 2012 and have successfully integrated that group into our company, and we're now launching initiatives based on their expertise. We have a plan in place that will get us to $20MM in a couple of years."

What constitutes a healthy, vibrant IT services company, and what can executives do to position their company for growth?

"A healthy company is one that is profitable over a sustainable period. Profit cures all evils. It creates flexibility and options. The lack of profit restricts a company from the flexibility it needs."

"At a certain point in an IT services firm's life cycle, growth is a decision and an action plan, not something that happens on its own. I believe companies should pursue their specialty and work hard to differentiate their products and services so a highly efficient marketplace can identify them as the best provider of those very specific goods and services. Sometimes this does not require additional product or service specialization, but rather greater clarity on who is the best customer for that product or service. More efficient, more educated, smarter buyers push providers of goods and services to be crisper about where they fit into the market."

"Companies need a growth plan. Too many companies just try to do what they did last year, just better. A growth plan generally involves having more resources and selling additional new products and services from one year to the next. It implies investment, which can impact profit. Often the companies that you see the most growth from are companies who have an equity

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investor, who has put money into the business and is expecting a return on that investment. In those cases, there is always a growth plan in place and execution becomes the challenge. In companies that are self-funded and owner run, the management team must be more disciplined to create the growth plan and execute it, while funding it with the proceeds of the business. That is a more challenging task."

If you could change one decision you made in the past, what would it be?

"I think we would have been more willing to do mergers and acquisitions. Organic growth is easier when a company is smaller. It becomes harder to grow organically beyond a certain size. Mergers and acquisitions are not easy to get right; however, companies like ours that have a clear set of values make it easier for a merged entity to latch onto and get excited about."

What lessons learned or advice have you accumulated over the years that you would like to share?

"The two obvious goals that companies set for themselves are growth and profit, which have a direct relationship to each other. Pressing down on the growth gas pedal can slow down profit, and decisions to maximize profit can slow down growth. We're all trying to find the right balance. One take away for an owner-run business like ours is to never allow the company to get to a zero or negative profitability with the excuse that we are investing and growing through this period. I might argue this for a firm that has taken on an investor as well, but that depends on the expectations of the investors and the willingness of ownership to put control of the company at risk."

You may Alan at akahn@akaes.com or visit AKA Enterprise Solutions at www.akaes.com.

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