



WHITE PAPER:

**8 WAYS *EVERY* SOLUTION
PROVIDER CAN PROFIT FROM
ROLLOUTS *RIGHT NOW***

APRIL 2007

The On-Demand Marketplace for IT Service ProfessionalsSM



OnForceSM
THE POWER OF **ON**

8 WAYS *EVERY* SOLUTION PROVIDER CAN PROFIT FROM ROLLOUTS *RIGHT NOW*

TABLE OF CONTENTS

Rollouts: The Profit Sweet Spot For Solution Providers.....	p. 1
Why Rollouts? Why Now?.....	p. 2
Speed Bumps On The Road To Rollouts.....	p. 3
Increasingly, Variability Equals Profitability.....	p. 3
Rolling Up The Rollout Opportunity: 8 Critical Keys.....	p. 5
About OnForce	p. 7

ROLLOUTS: THE PROFIT SWEET SPOT FOR SOLUTION PROVIDERS

John Keenan, Senior Vice President at Network Dynamics, points to IP telephony, network security and wireless.

George Harris, owner of GA Services, says that, given rapid technology advances, the market has cycled to a point at which corporate technology refreshes are on the upswing.

Ron Silliman, Gartner's Principal Analyst for Infrastructure Support Services, adds that Microsoft's long-awaited launch of Windows Vista® will slowly but surely prompt enterprises to implement deferred technology refreshes — a trend that will grow in intensity through 2007 and really gain momentum in 2008.

Mainstream adoption of new technologies. Cyclical technology refreshes. The Vista factor. For these and many other reasons, the usual steady stream of large-scale technology rollouts is surging — and promises to unleash a torrent of opportunity for solution providers in the coming years.

This white paper demonstrates how rollouts are creating strong sales opportunities for solution providers of all sizes. Importantly, it also addresses how solution providers have finally “cracked the code” of transforming this *high-volume* business, which is extremely service intensive, into a *high-profit* business via innovative on-site service delivery models.

WHY ROLLOUTS? WHY NOW?

Laura Blackmer, Senior Vice President of Sales for OnForce, echoes the points of view of John Keenan and George Harris.

“Rollout business has been around for a long time,” Blackmer states, “but many solution providers haven’t been equipped to capitalize on it. Now, whether they’re being pushed by POS system upgrades, Vista, VoIP or security, there are more opportunities in rollout work.”

As Executive Editor of *Business Solutions*, Brian Sherman has his finger on the pulse of industry trends.

“What I hear from VARs is that there is a lot of activity installing Network Operations Centers, as well as in the areas of network security and VPN management,” Sherman comments. “POS is another hotbed with lots of implementations and a great deal of growth being driven by WIPOS — Windows-based POS — which is being rolled out to replace the old, Y2K-era systems. Compliance mandates are yet another driver — for example, the PCI compliance standards for data protection in retail.”

Gartner’s Silliman adds, “Y2K created a phenomenon worth noting. Y2K caused a very large buying cycle in 1999 and into 2000. Our data indicates that the average technology refresh cycle is about 3 to 4 years for most enterprises. And, in fact, we saw significant purchase/rollout activity in 2003-2004 — 3 to 4 years after the Y2K-driven buying spree.”

Silliman contends that the second major post-Y2K buying cycle is upon us. His belief, though, is that because of slow-building Vista adoption, the cycle will be extended into 2009-2010.

There are other factors at play. In George Harris’ view, “More customers today roll out technology implementations on a regional or even national basis. We do a lot of work with retailers who are all over the map — literally.”

Harris’ point is echoed by many: Today’s increasingly distributed organizations — whether retailers with hundreds of locations, or enterprises with thousands of teleworkers or hundreds of branch offices — are a big part of the impetus behind more and bigger IT rollouts.

Market and technology trends aside, the impetus behind the growth in rollout opportunities is that the game has changed. Blackmer states, “Rollouts are no longer the sole domain of very large integrators and solution providers with the management and financial resources to employ and deploy large field forces — or to quickly ‘construct’ service capabilities via multiple subcontractors. Today, every solution provider can play and profit because new on-site service models have leveled the playing field.”

The second major post-Y2k buying cycle is upon us.

— Ron Silliman,
Gartner

Enterprises with thousands of teleworkers or hundreds of branch offices are a big part of the impetus behind more and bigger IT rollouts.

— George Harris,
GA Services

SPEED BUMPS ON THE ROAD TO ROLLOUTS

Clearly, rollout business is big business for solution providers ready to seize the moment. Yet there are challenges to fully take advantage of the opportunity.

Peter Cannone, President & CEO of OnForce, articulates the first of two challenges that have historically prevented solution providers from optimizing rollouts as a source of revenue and margin.

“Most rollouts, by nature, involve multiple locations regionally or nationally. This type of work is highly service intensive. A solution provider needs feet-on-the-street — qualified technicians in many places, working against tight deadlines. Aggregating these service providers — the right providers in all the right places at the right time and price — has been very difficult,” Cannone asserts.

Ron Silliman articulates the second challenge. For solution providers, delivering on-site service to centralized locations, like data centers, has traditionally been a high-margin business. Delivering on-site service to distributed enterprises has also been opportunistic, but only for solution providers able to meet highly variable service demands with an equally variable service supply model.

In fact, margins for providing service to a distributed base — desktop support, networking support, security and so on — are down to about 24%, according to a recently released study by Gartner. In contrast, service margins in the data center are in the mid-40% range.

Silliman states that, “Solutions providers who have stepped up to the rollout opportunity have done so by meeting the logistical challenges, management challenges and staffing challenges of scaling for these larger, episodic events.”

INCREASINGLY, VARIABILITY EQUALS PROFITABILITY

Solution providers who *have* risen to the task — and the opportunity — have done so by applying innovation in the form of variable service delivery models to rollout work.

“At Network Dynamics, we do a considerable number of large-scale network deployments and rollouts throughout the country. We do it successfully and profitably, by using a variable cost model,” John Keenan reports.

Network Dynamics has been consistently profitable by handling various types of on-site services without having its own base of employees and service technicians around the country. This variable cost model gives the company a sizeable competitive advantage, which has been significantly enabled by the OnForce marketplace for on-site IT services.

Paul Nadjarian, OnForce’s Senior Vice President of Marketing, explains, “Technology services is a rapidly evolving industry in which having on-site expertise is critical. OnForce helps to connect organizations in need of qualified IT service providers for all kinds of on-site service needs — from core IT repairs and rollouts to more specialized needs like consumer electronics, voice over internet protocol (VoIP) and point-of-sale technologies.”

Nadjarian asserts that OnForce enables industry-leading levels of control and flexibility to service providers who want to find work, and service buyers who need expert on-site support — without sacrificing quality, visibility or the ability to obtain a timely response. “Most OnForce work orders are accepted within 12 minutes,” he says, “and in most cases, they can be fulfilled within 24 hours for more commonly performed services, in virtually any zip code in the U.S.”

“In the past we would contact multiple ASPs or service providers by email and phone to service a large rollout,” Keenan states. “Now, with OnForce, we simply put work orders into the marketplace. Multiple technicians accept the work orders. The entire process — getting timely updates on the work, getting immediate cost information and so on — is much faster and easier.”

**Poor Communications:
The Barrier to Profitable Rollouts**

No surprise here: According to a recent poll conducted by CompTIA (Computer Technology Industry Association), nearly 28% of project failures are due to poor communications. Of note, one of the valuable aspects of the OnForce marketplace is its built-in communications compatibilities, with service buyers able to simultaneously issue standardized work orders, and service providers able to report on progress and job completion in real-time via the OnForce platform.

Network Dynamics’ Operations Manager, Karen Troutner, adds, “We just did a very large rollout in the New York/New Jersey area for a financial services company — a multi-phase project at 380 different locations. The rollout involved network equipment, installation and upgrade, IP telephony and user training. Augmenting our own install teams, we tapped into OnForce for all the user training. The quality was great. The pricing was right. The process was easy. The end customer was satisfied. And the training phase of the rollout was very profitable for us.”

George Harris states that “The majority of our feet-on-the-street in the United States come through the OnForce marketplace.”

Before turning to OnForce, Harris notes, GA Services maintained a large group of staff technicians, as well as relationships with numerous independent service providers. With OnForce, Harris was able to move to a variable cost model, with field force work led by technicians secured through the OnForce marketplace.

“I don’t have to carry personnel costs — salary, benefits and training — for a tech who is making maybe three calls a week in a 100-mile service area. OnForce gives me the flexibility, scalability and control to dramatically increase the profitability of my rollout work,” Harris reports.

Importantly, for both Harris and Keenan, there has been no degradation of service. The variable model powered by OnForce is also a consistently high-quality service model. This key point is reinforced by OnForce’s Laura Blackmer. “The OnForce platform is designed to ensure quality. Service providers are paid only after their work is approved by the buyer. And providers are rated on the quality of their work, with ratings visible to all other service buyers.”

As one case in point, Blackmer describes a recent rollout that a solution provider handled entirely through the OnForce marketplace.

“One of the big-three package delivery companies was rolling out VoIP to 2,500 locations under an extremely tight deadline,” she notes. “What was particularly tricky was that the rollout had to start, then stop for their holiday peak season, then re-start for a mid-February end-date. And for each location the service technicians had only a 24 to 48-hour window from hardware arrival to installation” Blackmer continues.

The complex rollout, which required two on-site technicians per location, went off without a hitch — and the solution provider received very high marks from their client for service quality, responsiveness and flexibility.

Solution providers can easily issue a consistent set of instructions to dozens or hundreds of technicians - quickly, and through a single conduit.

— Paul Nadjarian,
OnForce

“What’s particularly compelling about this example is the consistent quality delivered throughout a complex, time-sensitive rollout,” adds OnForce’s Paul Nadjarian, “coupled with the amazing amount of real-time visibility and control that the buyer had through the OnForce platform.”

Nadjarian points to the immediate communications and quality assurance capabilities of the OnForce marketplace. “Solution providers can easily issue a consistent set of instructions to dozens or hundreds of technicians — quickly and through a single conduit,” he notes. “This enables tremendous efficiency and customer satisfaction — the true drivers of rollout profitability,” Nadjarian adds.

ROLLING UP THE ROLLOUT OPPORTUNITY: 8 CRITICAL KEYS

With rollouts promising an abundance of work at strong margins — without taxing a solution provider’s operations or fixed cost structure — there are several critical keys on the road to rollout success.

1 Adopt a variable service model.

Gartner’s Ron Silliman contends that this model can significantly drive distributed service margins and make rollout work highly attractive. Peter Cannone believes OnForce can be the core enabler of a variable model, becoming the de facto field force for any solution provider pursuing rollout work.

2 Ensure service consistency.

Karen Troutner of Network Dynamics feels she gets impressive service consistency through the OnForce marketplace. “We fulfilled a half dozen work orders the first month we tried OnForce. It’s doubled, more than doubled, every month since. We’re up to 400 service events a month and it’s growing all the time — because the quality of service is there every time.”

3 Maximize staff utilization.

Silliman says, “You can’t make money with distributed on-site service if your best people are sitting around 50% of the time waiting for a call.” John Keenan adds, “Use your core staff to *manage* rollout projects — then use OnForce technicians in the field. This enables efficient and profitable staff utilization, while giving you total scalability.”

Use your core staff to manage rollout projects – then use OnForce technicians in the field.

– John Keenan,
Network Dynamics

With OnForce, there's pretty much no job I can't bid on.

– George Harris,
GA Services

(4) Don't leave money on the table.

George Harris bids on more projects because GA Services has embraced a variable, scalable business model. "With OnForce, there's pretty much no job I can't bid on," he states, "no matter what size, no matter what skill sets are required, no matter what geographic area." Peter Cannone adds, "When you're a smaller solution provider, you can act like a big one, because you now have truly national range and broad skill set coverage. You can win more jobs, without adding costs."

(5) Minimize the moving parts.

Managing and administering rollout work has always been extremely challenging, given the need to locate multiple service providers, agree on pricing, issue instructions, get confirmation that the work was done right, receive dozens of invoices, pay the invoices, and reconcile against client billing. "The OnForce system eliminates most of the moving parts," comments Karen Troutner. "We simply enter a work order, and the system pretty much handles the rest. Plus, we can save work orders we issue frequently, and re-use them. We also create preferred provider lists for various specific needs. It all makes managing rollouts much, much easier."

(6) Benefit from pricing transparency and cost advantages.

"Because OnForce is a real-time marketplace, service provider rates are inherently competitive, which enables service buyers to price bids more aggressively, yet build in plenty of room for margin," Laura Blackmer asserts. The OnForce platform also gives John Keenan greater pricing visibility and assurance. "We can look at the marketplace and get a very good idea of the going rate in various regions and cities for specific types of work, so when we bid we no longer have to 'wing it.'"

(7) Be aware of the requirements to implement a variable service model.

"With a variable model, you need strong project managers," states Keenan. Harris adds, "We maintain a call center so the techs in the field can get the assistance they need whenever they need it. The expense is absolutely justified by the strong, personal relationships we build with our service technicians, as well as by our high levels of customer satisfaction."

(8) Do more. Win more. Profit more.

"We're doing more rollouts now — projects we couldn't handle before. We're bidding more and winning bigger projects. We're handling multiple national projects in multiple locations simultaneously," explains Harris. In his view, a variable service delivery model, supported by the ease-of-use, reliability and service technician quality of the OnForce marketplace, makes the rollout opportunity extremely lucrative and an engine of growth for his business.

ABOUT ONFORCE

OnForce is the world's largest marketplace for contract IT service professionals. The company enables VARs, solution providers and IT staffing firms to find highly qualified service professionals throughout the United States and Canada. These companies turn to OnForce to expand their geographic and skill set coverage without adding overhead or upfront expense. OnForce enables increased buyer control and reduced management costs, while offering higher customer satisfaction levels and faster response times than traditional methods of finding contract technicians.

Since its inception, the OnForce marketplace has been used to successfully complete more than 500,000 service work orders. The OnForce community is made up of 5,000+ IT service buyers and 10,000+ IT service providers who work in a wide range of technology categories, including computers, printers, networking, VoIP and consumer electronics.

For more information, visit www.onforce.com or call 1.888.515.0100.