Business Overview

RE: Managed Services & Software Support

Specifications

Revenue $1,813,329	**Cash Flow** $917,717	**Location** Kansas City Metro
Service Area Clients in 8 states, D.C, and 2 countries	**Equipment** $248,819	**Reason for Sale** Spend time on hobbies
Industry Tech: IT/Software/ECommerce	**Employees** 13 – 8 Customer Support Engineers, 1 Office Manager, 1 Graphic Designer, 1 Director of Technology, 1 Director of Operations, 1 Director of Compliance	**Down Payment** 15%

SUMMARY OF THE BUSINESS –

With 30+ recurring monthly accounts and clients across 8 states and 2 countries, this managed services and

software support company has been providing non-packaged solutions for 13 years. Specializing in helping clients with software monitoring, maintenance, and transitions to cloud computing, the company's goal is to get the best out of clients' existing technology. Located in Kansas City, the company has data storage in California with easy expansion capabilities.

On staff are 13 FT employees, 8 of whom are Customer Support Engineers. Staff can be reduced to cut overhead, with the company able to run at a minimum of 6 employees. The seller manages process development, handles marketing and sales, and spearheads branding projects. A competitive buyer would be able to eliminate all employees, with project duties able to be absorbed by a buyer's current staff.

Currently, the company grows via inside sales and referrals. To boost gross revenue, a buyer should divert some resources to advertising and marketing. As 88% of clients receive foundational services (i.e., ongoing support and maintenance), they also come to this company for projects and transitional work, which secures a steady $146,000 in recurring monthly revenue. This is a great software service business with the ability to be run from anywhere, opening up numerous possibilities for growth.

Business Highlights

- Years in Business: 13

- Location: Kansas City / 2 data centers in CA with 7 cabinets

- Service Area: Clients in 8 states, D.C, and 2 countries

- Revenue:

    o RMR for hosting/support – about $1,752,000/year with about 32 MSA's

    o Project Income – about $184,000/year with an average of 2 – 3 projects per month

- Services: Ongoing support, maintenance, hosting, migrations, project work, consulting, and more

- Reason for Selling: Spend time on hobbies.

- Employees: 13 – 8 Customer Support Engineers, 1 Office Manager, 1 Graphic Designer, 1 Director of Technology, 1 Director of Operations, 1 Director of Compliance

- Seller Training Period: 90 days

- Growth Opportunities: Focus on marketing and branding. Significantly reduce staff.

- Current Owner's Responsibilities: Manages process development, marketing/sales and branding projects.

Financial Highlights

- Gross Sales:

    o 2017 - $1,813,329 Annualized

    o 2016 - $1,479,171

- o 2015 - $1,553,245
- Cash Flow:
  - o 2016 - $917,717
- YOY Growth: 2017 sales are on track to outpace 2016 by 23%
- Assets Included in Purchase:
  - o Equipment - $248,819 in servers, tablets, desktops and more

replacement value

Software & Services

- Software and operating systems used:

| Windows Server | SQL Server | Ubuntu | CentOS |
| IIS | ConnectWise Manage | ConnectWise Automate | |

Client Concentration by Service Category

- Foundational – 88%
  - o Data center clients, virtual servers, hosting, support, monitoring, maintenance, backup, anti-virus and more
- Transitional – 2%
  - o Most of the project work, data center migrations, etc.
  - o Company does not have any project-only clients
- Innovative – 10%
  - o Consulting services – advising clients on how to use their technology to get the best return on investment

Project Life Cycle

- **Employees participate in any part of the lifecycle based on skills and value contributed.**

- **These resources are scheduled and managed through ConnectWise; billing is produced, and satisfaction measured by the customer.**

- **Generally, a single project lead is appointed who manages the overall ticket and project throughout completion.**

- Most projects have limited overhead, and communication is provided through the tools.

- Billing can be fixed cost deliverables, and tracking of time ensures profitability targets are met, or Time and materials, producing automated billing from ticket notes and management.

Revenue

- 45 – 50 active clients

  - 32 Master Service Agreements (RMR clients)

- RMR averages at $146,000/month

- In addition to RMR, the company sees about 2 – 3 projects per month, with 1 team member working on a project

  - Project work consists of system design or with bringing systems online

  - A project lead will coordinate additional resources as needed

  - Project work is about $184,000 per year
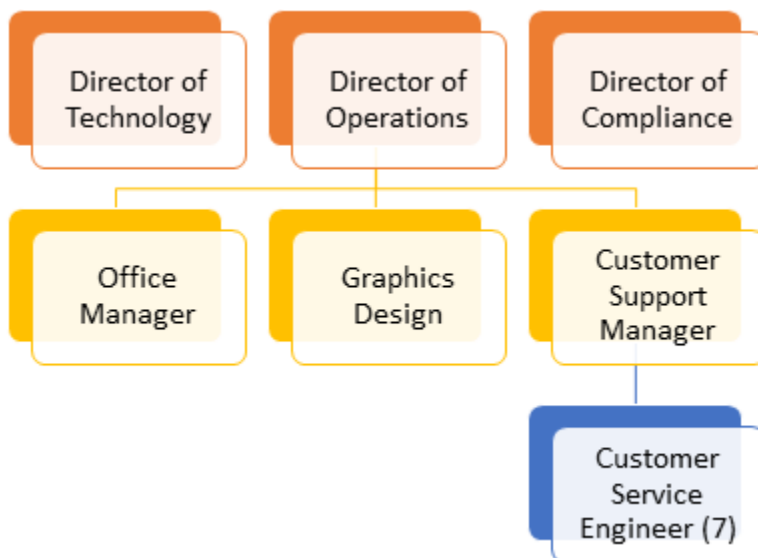
2017 Non-RMR per month:

January	$ -	June	$ -
February	$ -	July	$ -

March	$35,000	August	$17,500
April	$35,000	September	$70,000
May	$ -	October	$27,250

2017's Top Clients by Revenue

Client A	15.5%
Client B	13%
Client C	12.8%
Client D	12.5%
Client E	6%
Client F	5.5%
Client G	5%
Client H	4.5%
Client I	3.9%
Client J	2.9%

Employees

Director of Technology

Director of Operations

Director of Compliance

Office Manager

Graphics Design

Customer Support Manager

Customer Service Engineer (7)

A buyer looking to cut overhead could eliminate the Director of Compliance, the Office Manager, the Customer Support Manager and 3 Customer Service Engineers. This would result in an improvement of $216,320 in Cash Flow to the bottom line.

These recommendations are based on a minimum operating model. Please note that further cuts may be possible if the company is acquired by a similar organization with existing support and technical staff. Project work can be absorbed by a buyer's own staff.

Customers

Industry	Number of Clients	Revenue	% of Revenue
Manufacturing	3	$262,000	19%
Healthcare	3	$248,000	18%
Finance	3	$131,000	9%
Telecommunications	3	$45,000	3%
SaaS	2	$402,000	29%
Non-Profit	2	$93,000	7%
Education	2	$68,000	5%
Insurance	1	$78,000	6%
Publishing	1	$41,000	3%
Hospitality	1	$11,000	1%
MSP	1	$11,000	1%

Specialty in regulated industries (financial, medical, etc.) with the focus of taking security off the customer's plate.

Customer Locations and Number of Clients in Each Location:

California – 7	Utah – 1	Missouri – 4	Kansas – 3
Wisconsin - 1	Florida – 1	D.C. – 1	North Carolina - 1
Colorado – 1	Australia – 1	Hong Kong - 1	

Currently there are 45 - 50 active clients and 32 Master Services Agreements in place.

Sales & Competitive Edge

- Business relies on inside sales and referrals. Even so, they have obtained 15-25% growth with no outside sales endeavors, sales staff or marketing.

- The owner has been primarily focused on inside sales opportunities and referral based growth.
  - 2 of the largest RMR opportunities in 2017 were from referrals

- Primary competitors, while large and well-known, have been easy to compete with because of the company's support services.

- Competitive edge is found by pointing out the company's niche of providing "peace of mind"
  - Anyone can provide hardware, but this company provides the things that make the hardware perform.

Data Centers

- The company has 2 data centers in northern California that operate as disaster recovery
- Data centers are managed by Equinix.
  - Equinix provides the PCI-certified security physical environment that the company builds its processes into.
- Company only rents what it needs
  - 7 cabinets total
    - 6 cabinets at one center, 1 cabinet at the other
    - Only 2 cabinets are being utilized, with the remainder open for growth

To receive a full financial package and specific information regarding this business:

1. Complete the Qualified Buyer Documents (Non-Disclosure Agreement and Buyer Questionnaire) [on our website](#) or print, scan and return the attachments to info@TheFirmB2B.com

2. Call The Firm Business Brokerage at 402.998.5288 to schedule an appointment or conference call with a Broker.

The Firm currently has over 90 cash flowing businesses available. If you find that this is not a fit for you, please let us know and we would be happy to provide you with other opportunities.