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## The PC Network Services State of the Company - 2012

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### Thank-you

Welcome to the 2012 edition of the PCNS State of the Company letter. This is our 9<sup>th</sup> annual installment. For those new to our fold, this letter is intended to share our views on the current state of the information technology (IT) industry and our business. Before we begin we need to first express our gratitude to those who enable us to learn, grow and ply our trade; our Clients, our Staff, and our key Vendors Partners. Thank you all for giving us the opportunity to serve.

### The State of the Industry

2011 was an interesting year. 2011 redefined what a normal economy looks like and the new normal is busy. While the causes and solutions for the jobless recovery are hotly debated, it is clear that the survivors are working harder than ever and doing more with less. Efficiency is king, innovation is queen. That said, there was still considerable catch up in post-recession IT lifecycle refreshes. Many organizations put off non-essential system upgrades during the dark days of the recession and have slowly been getting these aging systems up to date. The good news is that we are in another period of mature technology. The versions of most of the core office automation software (Microsoft's Windows, Office, Exchange & SQL) are all in the middle of life and very stable. While new versions of all are on the horizon, we expect the next 24 months to be relatively stable. While the Microsoft technologies have settled in, so have the virtualization technologies. Never have we been able to do so much with so little. Virtualization has matured to the point where very little is done today without it. This is also the technology that is the core of cloud technologies. Cloud technologies are another area of progress this past year. The cloud still means many things to many people, but certain areas have matured and become viable options as companies look at refreshing aging IT. The base concept of the cloud is relatively simple; instead of designing, building, and maintaining IT infrastructure, rent it. The main benefits are that it is always the right size, you only pay for what you use, it is always up to date, and its resources far exceed what any one organization can justify. This means that organizations can focus attention and capital on their business and not building IT infrastructure. While the cloud has many benefits, it is also a developing market and decisions to move applications there need to be well thought out.

One of the largest trends in the industry today is being called the consumerization of IT. This means that more business integrated technology is be used for personal activities (in many cases the technology is owned by the user and connected to the business network). This trend was born a few years back with the introduction of Apple's iPhone. This device was the wedge that started to change the black and white world of business computing being separate from personal computing to everything being a shade

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of gray. The introduction of consumer IT into the business environment creates a number of challenges; security, support responsibility, productivity, and management, resource utilization to name a few. One of the main factors in creating predictable IT (technology that is predictable in reliability, performance, and cost) is simplifying complex technologies. Over the years best practices have been developed to make business technologies predictable by simplifying and removing the complexity from users. Successful IT support organizations maintain this with strict vision, planning, and discipline. The new wave of consumer IT bleeding into the business technology world forces organizations to relax their discipline. While having end users drive the IT direction, the ramifications are often not thought out and the unintended consequences are that these capabilities may empower some, but distract many (anyone care to guess the top internet site visited, by far, we see in most of our Clients? Hands down - Facebook).

Finally, never have we seen so much done by so few. The last few years we have seen automation gut the ranks of the white collar work force. As proved by the jobless recovery we are in, jobs shed in the recession are not being replaced with human resources. They have been replaced with technology and systems. Call them what you will; ERP, CRM, PSA, EMR, EHR, CMS, these systems are organizing and automating the way companies run and making them significantly more efficient. In addition, the markets for these programs have matured to the point that just about every industry has its own unique vertical market of vendors. These vendors specialize in a very narrow market and have developed systems and best practices that allow companies to easily implement and utilize these technologies and forever change the way they do business. While these transitions offer great rewards, there are risks as well; organizations still need to be thoughtful and committed to make them work. The point is that they are within the reach of most businesses today.

## **The State of PC Network Services**

From a business perspective 2011 was a very good year. We made good progress on our goals, have added a few new friendly faces to our team, and continue to refine our service offerings, systems and best practices. The year proved to be fast paced and we are still working through the post-recession pent up lifecycle upgrades. While we have been busy taking care of our install base (3500 end users and counting) and working hard to get everyone up to date, we found some time to squeeze in and make progress on our goals. Lastly, we have historically been a slow growth company. We always felt if we did a good job and did right by our Clients and our Staff that the business would take care of itself. We have never focused on growth, however, last year the Pittsburgh Business Times named us one of the top 100 fastest growing companies for the second year in a row. Growth is not a goal, it is a by-product. We are grateful for the recognition for all the hard work by our team and the opportunity by our Clients to serve them.

### **Here are some areas we did make good progress on in 2011:**

#### **CSC's:**

As anyone who calls in to the Help Desk knows we have changed our phone procedures and now have two Customer Service Coordinators answering the phones and assisting in managing tickets. Charlotte and John have significantly improved our Customer Service and efficiency.

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**Metrics:**

One of the areas we have made significant progress in is the tracking and trending of performance metrics. An example is that a key metric in our industry is the number of Help Desk incidents per user per year, the industry average is 9, ours is under 3 (2.862 actually). This is the measurement that most closely correlates to predictable IT and tells us our philosophies and disciplines work.

**Project Management:**

This year we invested significant time and resources in the planning and communication processes around projects. This has significantly improved our project experiences.

**Hiring Strategy:**

Over the last number of years we have struggled to add talent to our team to support our growth strategy. As in any industry good people are hard to find and we have tried many ways. What we have found to be most successful was "grow our own". For the past number of years we have been constantly working with a local IT school and hiring students part time to assist in the office and shop, many of our key players have grown under this model and this year we have consciously formalized this strategy (see more on this in our 2012 goals under training).

**HDI certification:**

All of our Help Desk staff has completed training and certification by the Help Desk Institute. This organization is committed to improving industry best practices.

**Quosal:**

As the year ended we have just switched to a new automated quoting system. This system is responsible for delivering hardware and software quotes to our Clients. The impressive thing about this system is that it automates the entire administrative process and saves significant amounts of time. So much so we are restructuring parts of our administration.

**On-call System:**

One of the challenges we face is that the IT support business has become an around the clock business. While we have always had 24x7 emergency support, with the consumerization of IT, the on-call tech can almost be guaranteed to get a handful of calls from Clients having trouble with their home computers and mobile devices.

**KMS3:**

We have finished the pilot of our third generation Knowledge Management System and have begun planning its deployment. This is our system do keeping track of Client technical documentation and system configurations. This system is Wiki based which makes it significantly easier to access, modify, search, and secure.

**Hosted Exchange Upgrade:**

Also in the just about complete category is the next generation of our multi-tenant Microsoft Exchange email platform. We have finished the installation and integration into our current platform, the piloting, and are currently in the testing phase. The new system not only add some of the latest security and performance features, we have built in another level of fault tolerance making it much easier to maintain without disruptive downtime.

**New Travel Agent:**

With the age of online travel reservations, we still use a travel agent. Since as an organization we do a significant amount of travel, it is important to have a good travel resource. We were fortunate to find a new organization who truly makes difference. Not only do they make the lives of our traveling team much easier, they find us great cost savings too.



## PCNS – Looking into 2012 – Our Goals

### **Training Program:**

This is one of our most exciting initiatives. We are developing our own internal training program to help with technical skill building, certifications, Customer Service, and instill our culture and core values.

### **MDM:**

Mobile Device Management is a new area that has a lot of attention in our industry. The inability to centrally setup, maintain, secure, and manage mobile devices is a major concern and the lack of tools makes this a great challenge. There are many new tools being developed and the entire industry is immature. As these technologies continue to develop we will be evaluating and assessing them.

### **Rework Support Programs for home / mobile:**

The time has come to rethink our support programs for mobile and home computer support. When we last updated our support program in the late 1990's there was very little support required for home PC's and mobile devices. We will be spending considerable time assessing our current programs and looking to make changes that provide value and are aligned with today's support needs.

### **Complete Quosal, our new quote automation system:**

This new system was purchased in 2011 and we are just about complete with its installation, development and training. Once implemented this system promises to provide better access to equipment pricing (saving our Clients money) and reduce our administration time by more than 50%.

### **Complete Hosted Exchange Upgrade:**

About a third of our Clients are now using our multi-tenant Microsoft Exchange email system. We are in the process of performing a major upgrade to this system which will add more features, better performance, and additional redundancies. This is one of the major benefits to a hosted system is that it is perpetually upgraded to the most current version.

### **Complete KMS3:**

The system development is just about complete and we hope to begin our Client conversion early this year and finish by year's end. This system will give us more accurate and faster access to our Client documentation which will make for faster problem solving.

## Thank-you

In closing, we are thankful for another good year. In the last year the economy seemed to normalize and we were fortunate to continue to grow both as individuals and as a team. We continue to be blessed by being surrounded by so many great people and organizations.

As always, we are optimistic that our best opportunities are ahead of us.

Thank you and make 2012 great.