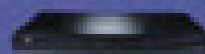


DISK-BASED BACKUP

Sell disk-based solutions, but don't forget to include services, p. 106.



KVM SWITCHES

KVM (keyboard, video, mouse) switches enable VARs to perform data center consolidation, p. 92.



STORAGE

VAR AMC Computer Corp. installs from reseller's \$20 million storage solutions integrator, p. 90.

Business Solutions

MAY 2009

Helping VARs and integrators increase profits by integrating complementary technologies

Pile On Networking Profits



\$200,000 of WLAN sales revenue this year will drive SAS Network Solutions, Inc.'s projected **150%** sales growth rate, p. 76.

Scott Smith, president and CEO, SAS Network Solutions, Inc.

Hold on a minute," Scott Smith says on the other end of the phone. "You just need to sign here and here," a female voice can be heard saying in the background. After a pause, Smith returns to the line, "OK, I'm back. Sorry about that. I'm at the bank. Now where were we?"

These are the types of interruptions one must endure when interviewing Smith, who is president and CEO of the company bearing his own initials - SAS Network Solutions, Inc. (Santa Clarita, CA). Always on the move, Smith is usually either conceiving some design feature of a customer's wired or wireless network or pitching a new client the benefits of a technology such as IP (Internet protocol) telephony. Today he is on his way to give a proposal to a client about a wireless LAN (WLAN) - a technology he expects will grow 20% in sales revenue this year for SAS.

Target Warehousing/Hospitality Markets For WLANs

"It's rare for us to sell only a wireless solution," Smith comments as he leaves the bank and gets into his car. "Wireless technology either leads us to other wired networking business or is part of a large networking project. We'll probably reach \$200,000 in WLAN sales this year."

Of course, industry analysts expect big growth in the WLAN market over the next few years. In fact, research firm Allied Business Intelligence (Oyster Bay, NY) predicts the WLAN industry will generate \$1.67 billion in total revenue through the end of this year. The 54 Mbps (megabits per second) speed of 802.11a and 802.11g WLANs is cited by ABI as a key reason for this growth (see chart on this page), especially in markets such as healthcare and education. Smith says that SAS has sold 802.11a WLANs but has yet to sell any 802.11g products.

Like many VARs and integrators, SAS has seen most of its WLAN sales success come from manufacturing and distribution warehouses. For example, when Bertelsmann Media Services (Valencia, CA) built its 110,000-square-foot printing and distribution facility, SAS was contracted to install a WLAN so the client could use wireless handheld computers/scanners for real-time inventory tracking.

"Sixty percent of our WLAN projects are for new users of wireless technology," elaborates Smith. "These customers want to augment their existing LAN infrastructure with wireless technology because it is more cost effective to deploy WLANs in large facilities. They are commonly using WLANs to add connectivity to conference rooms, training facilities, or remote offices. In fact, that's why we installed a WLAN at BMG Music (Duncan, SC). They have four buildings with almost 1 million square feet of space."

In addition to warehouses, SAS has recently experienced an increase in WLAN interest from the hospitality market. Organizations like AAA are now requiring four-star hotels to have high-speed (up to 7.1 Mbps download speed) Internet access in at least 20% of their rooms. Smith says many hotels are choosing WLAN technology as a more affordable way of providing this online access.

The Cost Of Wireless Expertise

SAS handles all aspects of WLAN implementations, including site surveys, network design, deployment, and testing. To do so, the company earned certifications in planning, selling, deploying, and maintaining Cisco WLAN/WWAN (wireless wide area network) architectures and became a WLAN/WWAN Cisco specialized partner in 2001. To achieve this partner status, SAS also had to construct a lab for testing and configuring wireless, networking, and IP telephony products. SAS' final price tag for the lab and certifications came to \$15,000. Smith says he also spends approximately \$300 each year to be a member of the IEEE (Institute of Electrical and Electronics Engineers, Inc.), a standards organization, to keep abreast of wireless technology developments.

Company: SAS Network Solutions, Inc.

Headquarters: Santa Clarita, CA

Year founded: 2001

2002 sales revenue: \$1.4 million

2002 sales growth rate: N/A

2003 projected sales revenue: \$10 million

2003 projected sales growth rate: 150%

Employees: 6

Principals: Scott Smith, president and CEO; Randy White, VP field operations; Gilder Cash, CFO

Markets: commercial, manufacturing, healthcare, entertainment

Vendors: Adtran, Cisco, Dell, Microsoft

Distributors: Ingram Micro, Comstor, Cosmic, Tech Data

Customers: Bertelsmann Media Services, BMG Music, *The Bakersfield Californian*, Western Oilfields Company, AT Systems International, Wilshire Grand Hotel

Professional organizations: IEEE

Phone: (866) 727-6387

Web site: www.sasnetsolutions.com

E-mail: sasmith@sasnetsolutions.com

Where The Leads Come From

You can have all the wireless and networking certifications in the world, but if you don't have leads, you don't have squat. After graduating in 1996 from Texas Tech University with a degree in electrical engineering technology, Smith went to work for NASA's Jet Propulsion Laboratory (Pasadena, CA) and then for Cisco Systems (San Jose, CA). His stint at Cisco has definitely had an impact on SAS' success; the majority of the integrator's leads come from the networking giant. Although, Smith is quick to note that the satisfaction of his customers - not his previous job - is what has made SAS a key Cisco partner in Southern California.

For instance, before SAS was incorporated, the company received a lead from Cisco for providing Cisco certification training to Bertelsmann's staff. (SAS focused on this type of training before 2001 and still earns approximately \$120,000 a year in training/certification course revenue.) The customer just happened to be in the midst of a large networking project during this time. "They were unhappy with the integrator on the job and asked if we could take over the project," Smith explains. "Cisco was initially concerned that we weren't big enough or experienced enough to handle a project of this magnitude. But the

customer's satisfaction with our WLAN work at its distribution center ultimately earned us the job."

Use Your Distributor as a Finance Partner

"As a small, new company with no investors, we kind of bootstrapped it from the beginning," explains Scott Smith, president and CEO of SAS Network Solutions, Inc. (Santa Clarita, CA). "We've had to rely on distributors like Ingram Micro to help us finance and coordinate some of our large projects [i.e. \$200,000 to \$500,000]." One such project was for a billion-dollar company with 300 locations. The customer needed \$350,000 worth of networking equipment delivered within one week. "Ingram Micro immediately deployed its sales team to queue up the order and assist us with pricing, part numbers, and product availability," Smith explains. "A credit account was set up for us, bank and credit references were verified, and all the necessary tasks were completed on time. We never would have been able to complete all of this work ourselves in such a short time."

SAS used Select Source, an exclusive program from Ingram Micro Financial Services, to pull the project together. Designed for VARs, Select Source offers a total solution for the purchase of product, shipping logistics, financing, and back office accounting support. Through Select Source, SAS was able to secure financing by leveraging the strength of its end user customer's credit.

One of SAS' largest customers is a company Smith worked with during his time at Cisco. The Bakersfield Californian (Bakersfield, CA) newspaper was seeking a turnkey solution for new LAN, WAN, and WLAN infrastructures (i.e. cabling, racks, patch panels, routers, switches, and access points). SAS won the job and also installed network security products. The integrator is currently deploying an IP telephony (see sidebar on page 80) system at the newspaper. Next year, Smith expects to install an IP call center for the newspaper's classified department. All in all, this was about a \$1 million project spanning two years.

Before Smith exits his car, the 30-year-old gathers the information he'll use for his client presentation. "I wear a lot of hats with this company," he says as he walks across the parking lot. "I'm the acting senior design engineer, the primary pre-sales engineer, and the account manager. So far, this strategy has worked well for us. We've landed about 50 customers, 20 of which are actively purchasing products. And, of those active customers, we have four key accounts that will probably generate more than \$1 million in gross revenue this year. Hopefully, after this sales call, that number will go up. I'm here, sorry, I have to go." Click.

IP Telephony Drives Integrator's Sales

Nearly 80% of the technology SAS Network Solutions, Inc. (Santa Clarita, CA) sells is related to IP (Internet protocol) telephony. (IP telephony is a technology used for transmitting voice communications over IP networks.) In fact, according to the integrator's President and CEO Scott Smith, IP telephony is usually the technology SAS leads with when speaking to new customers. "IP telephony is such a hot technology right now," states Smith. "It often leads us to selling network security, wireless, and general networking infrastructure products, too." Smith estimates that the PBX (private branch exchange) phone systems IP telephony systems replace have a life span of 5 to 10 years. He says for the 400-seat IP telephony systems SAS has sold, there is typically a one- to two-year payback period.

SAS exclusively sells IP telephony products from Cisco Systems (San Jose, CA). The majority of SAS customers require between 200 and 400 seats, although the Cisco 7835 Call Manager Server's base configuration can handle up to 2,500 seats. Some of the types of IP telephony products SAS sells include voice gateways, IP phones, and voice software. Smith said he is currently proposing a 1,000-seat IP telephony system to replace a city's existing PBX.