

## FAST GROWTH

# Banking On Storage

**Strategic investments in storage helped solution providers show strong growth in 2004**

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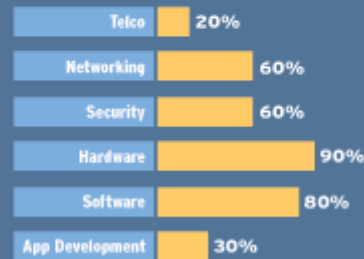


ise investments in storage solutions and services have yielded nice returns for many solution providers that banked on compliance and business continuity issues, as well as other factors, to drive continuing growth in this evolving market over the past several years.

In this report, *CRN* highlights 10 solution providers whose executives demonstrated business acumen by growing revenue at an above-average rate while building their storage practices. To qualify for the list, the solution providers that participated in the *CRN* Fast Growth Storage survey needed to be in business in 2003 and to have at least \$1 million in annual sales. They also needed to demonstrate that storage-related solutions comprised a substantial and increasing part of their business.

### Other Services Offered

Security and networking topped the list of services the storage solution providers were offering customers. Privately, many companies said they provide basic storage security service but partner when more significant security measures are needed.



Though each company on the list has a slightly different story to tell, all found a way to capitalize on growth in the storage market. Some jumped into the growing market for the first time during the survey period while others strengthened specific parts of their practice.

For instance, Vienna, Va.-based AvcomEast, which topped this year's list with revenue growth of 131 percent in 2004, was a server-centric company until President and CEO Rob Wolfe decided to diversify into storage. Though AvcomEast always provided some storage products to customers, staffers were not problem solving with storage products. "We were thinking of storage as an accessory to a solution," Wolfe said. "Now we consider it the solution."

Wolfe said high-end storage solutions are a particularly good fit for his midmarket customers that are struggling with compliance, archiving and ways to better control and manage data. "We realized they are running into scale and information management issues," he said. "Storage is the practice that is germane to those issues and needs."

Wolfe believed success in storage would hinge on acquiring the right employees. He initially focused his efforts on recruiting sales staff with a storage background. The move, he said, brought a "cultural infusion" of storage-oriented thinking and ensured that his existing sales staff would also see the benefit of storage solutions to customers.

William McCormick is another executive who gambled on storage. McCormick was running a Washington-area executive search firm, The McCormick Group, when an employee pitched an idea for a new company that would provide remote storage backup and management services. The resulting company, DS3 DataVaulting, Fairfax, Va., takes advantage of the growing trend of disk-to-disk backup by allowing customers to send encrypted backups to DS3's off-site locations. "It is so much easier to manage files and restores, and it is getting better and better all the time," said McCormick, the company's CEO.

DS3 has recruited 45 customers with more than 100 sites so far during its three years in business, company executives said. The firm grew 60 percent in 2004 and 119 percent from the first half of 2004 to the first half of 2005.

Not all the Fast Growth companies are new to storage. Many are existing storage solution providers that recognized the need to take services to the next level. They invested strategically in employee training, certifications and better facilities.

BL Trading said its 23 percent growth in 2004 can be attributed in large part to intensified training of its technical staff. "We are remodeling ourselves in a certain way," said Robert Littlefield, vice president of business development for the Hanover, Mass., solution provider. "Because we've done this, it's opened quite a few doors for us."

In August, BL became an EMC-authorized services network partner. BL now can do EMC presales, SAN design work and training, which gives the company the ability to better service customers. BL also set up a lab at its facilities to demonstrate to its customers firsthand the benefits of SANs. David Browning, executive vice president of Advanced Systems Group, Irvine, Calif., said heightened customer interest in long-term solutions prompted a buildout of the company's existing demonstration center. ASG spent "in the high six figures" to move its corporate office to a new facility that could house a demonstration data center with raised floors, conference rooms for meetings and training sessions and a catered kitchen. The solution provider grew 26 percent in 2004.

ASG is an IBM partner and its facility was recently certified as an IBM Business Practice Innovation Center. Customers can use the BPIC not only for demonstrations but for testing and proof of concept, Browning said. That is particularly useful now because more customers are looking at long-term investments rather than the cheapest storage buy. "We are telling customers, 'let us give you a five-year plan. We have total consultant capability,'" Browning said. "They don't want to buy Band-Aids anymore."