<u>CASE STUDY</u>

The High Cost of Low-Bid IT Service Providers

When you're managing a dozen dispersed operations in the vastness of southern Texas, your IT systems should be powerful partners helping you stimulate growth and increase profitability. That is, of course, if you do it right.

If you don't, then costs increase, time is wasted and you might end up as bad off – or worse – than you were when you began attempting the system update.

Like many other customer-facing businesses, commercial property management has multiple facets, each with its own demanding and quite different set of responsibilities.

Client acquisition and retention are always key concerns and vie for top billing with day-to-day operation of apartment complexes that sprawl across Houston and Dallas, cities 240 miles apart.

A hot competitive environment, thin profit margins, fickle tenants, and uncertainties of the Texas economy conspire to further challenge management.

In such a business environment, the orderliness of a well-designed and executed IT system becomes abundantly evident. It should bring order out of chaos by improving management oversight; it should provide sales with the best and most current market information; and it should help site managers optimize resources and constrain costs.

And those were the exact expectations Texas property management company had for its IT system – plus it wanted it all done on a tight budget.

Outdated and Undersized

The company's network consisted of 20-plus desktop computers, half that many company-owned laptops, three Microsoft Windows-based servers and Hewlett-Packard server. The Houston headquarters staff accessed sales, accounting and CRM applications with hard-wire connections, while the 10 sales and marketing road warriors connected through modems and wireless cards. The Dallas office was aloof from server-based functions that resided in Houston. All three of these employee groups used Yardi Property Management software.

Typical of many businesses, the property management company's equipment, software and network connections had evolved on an ad hoc basis, were irregularly updated, and we not routinely maintained. Break/fix was the costly SOP; support contracts didn't exist.

Since company's objective was to lower costs, improve competitiveness and gain efficiencies they logically expected to modernize hardware and software while streamlining connectivity among their geographically separated and mobile operations.

However, by their own admission, no one at property management company knew much about technology; their business was real estate management, not bits and bytes.

Therefore, bringing the company's systems up to current standards was a three-step process, thought that was not by design.

The first IT consulting seemed to company executives to be a quite capable practice. Therefore, they were brought on board to upgrade and replace most of the company's hardware. Consultant A also was appealing because they offered a very aggressive pricing.

Three months lapsed. Hardware was replace, and operations began to return to normal. Unfortunately, "normal" was almost exactly that: new equipment operating at the almost same slow speed as was the case with the legacy system.

Unsatisfied with that outcome and with $10,000 less its checking account, the company proceeded to select another provider.

Another three months passed and a second IT consulting company was recommended by a company employee ("a whiz with computers"). The B consultant also offered aggressive pricing, which again pleased management, and they were hired.

IT company B's attention-getting recommendations pleased the company's CEO; acquire a super-size server – plan for growth -- while using one of the first consulting company's newly acquired smaller server as a support box.

The problem with second company's recommendations was – like so many fast food meals – you may be able to gobble down the super size product, but your body doesn't need or know what to do with all of those calories. Way too much server for a two-office, 20-person organization, and its full potential would never be realized before it became obsolete. Expensive fat.

Like the first consulting firm, the second IT experience also lasted three months and produced similar dissatisfaction among company management, plus another $10,000 bill.

Third Time's the Charm

The third attempt to right-size the company's IT systems was assigned to the eZigma team, whose consultants operate throughout the U.S., but has headquarters in Houston.

The eZigma task was to help the client run a more efficient business while marginalizing the inefficiencies of inappropriate hardware purchases made by its two predecessors.

The eZigma solution was based on a clear understanding of the business requirements of the client, and viewed technology only as a means of solving them. After a series of meetings with the company's CEO, the eZigma project team set their course and implementation schedule. These included:

- Reduce the client's over-dependence on equipment that accomplished little.
- Re-use the recently acquired super-size server.
- Consolidate all the services and applications required to operate the company.
- Enable local and remote users access to specific applications using the Citrix client-server model.
- Merge legacy 16 bit applications to run smoothly on a 32 bit server OS.

To achieve these goals eZigma executed the following actions.

- Utilize only two servers: One as an application server; the other as a database and file server.
- Identify and decommission applications beyond their shelf life.
- Enable an old DOS program to run on the Windows application server (which the first two consultants thought impossible).
- Install and configured Citrix for application hosting.
- Reconfigure the firewall with less openness to and from the internet
- Reconfigured all LAN desktops to join the newly created domain.
- Enable network printing and allow dedicated printing for specific needs.
- Reduce desktop support maintenance by creating a bootable CD that enables a Citrix environment for users who did not need a locally installed OS.
- Protect the network and desktops antivirus solutions.

 "The outcome was finally good for our client, but getting there was both painful and costly," said eZigma CEO Neil Patel. "Unfortunately, we find this situation fairly often, that a business leader doesn't grasp the two sides of his technology dilemma: One part of his problem-solution situation is IT and the other part business. We at eZigma understand both, and that's how we offer greater value."

And what does such a dual-prong approach to IT services cost: Less than half of what the company spent on both the A and B consultants, and required one-third the time to implement.

About eZigma

EZigma is a nationwide provider of insightful and affordable IT services. EZigma has been providing onsite IT services since 1996, works nationwide, has an extensive team of experienced consultants, and is committed to consultant availability in hours not days unlike its competitors. Anyone can repair a computer or install a printer. EZigma plans, designs, deploys, secures and manages to improve your bottom line.

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