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Take My Servers, Please: Cloud Computing Changes IT Relationships

INFORMATION: New Setup Expands Role of Technology Providers

■ By JULIE GALLANT

At least a few of the companies on the **San Diego Business Journal**'s Technology Solutions Providers list are innovating with cloud computing as they manage growth.

Sorrento Mesa-based **LANSolutions LLC**, ranked No. 5 on the list, grew its local sales volume from $6.1 million in 2009 to $6.8 million in 2010, reflecting 11 percent growth. President **Oliver Goellnitz** said the 27-employee company experienced a growth spurt toward the end of last year as the recession began to wane.

"There were a number of clients wanting to do projects who thought, 'OK, now I can spend money,' " Goellnitz said. "There was pent-up demand … general growth in clients needing our services."

Much of the growth occurred in the area of managed services, in which LANSolutions handles the information technology needs of small to medium-sized businesses for a fixed monthly fee. IT services include help desk assistance, computer maintenance and monitoring of equipment. The company's list of services also includes data recovery as well as backing up data that can be housed off-site in Arizona.

"If we have a disaster here in San Diego, their (companies') data will be safe and secure in another state," Goellnitz said.

Just within the past year LANSolutions started a cloud computing practice in which applications are delivered via the Internet and are accessed from a Web browser while the file servers are housed in a cabinet in a data center or other remote location. Goellnitz says clients are interested in saving money through cloud computing since they don't have any hardware costs as LANSolutions maintains the servers and upgrades them.

"More clients potentially will go to cloud computing," he said. "It's not for everybody though. That change in technology is certainly something that may change our business."

Environmental Impact

Rancho Bernardo-based **Nth Generation Computing Inc.**, ranked No. 3 on the Technology Solutions Providers list, offers a fully equipped virtual cloud.

"The cloud is a very green initiative because the data center doesn't have to be totally in the customer's place of business," said Nth Generation Chief Executive Officer **Jan Baldwin**. "Virtualization allows better utilization of energy and much higher utilization of equipment."

Another advantage to cloud computing, she says, is customers don't have to have the IT experience in-house if the systems are being managed by an outside company.

"It moves a lot of the technical part of computing to the cloud services provider," says Nth Generation Chief Strategy Officer **Rich Baldwin**. "The clients don't have to have all the technical expertise to run the computer system."

With an increase in local sales volume from $39 million in 2009 to $42.6 million in 2010, Rich Baldwin attributes the growth of the 63-employee company to a combination of its ability to offer new technology and acquiring new customers. Part of its nontraditional marketing efforts is a three-day symposium Aug. 2-4 at **Disney**'s **Grand Californian Hotel & Spa** in Anaheim. About $5 million worth of equipment will be brought to the 11th annual event which the Baldwins expect will draw 500 to 600 clients and prospects. Presentations will be made by industry experts and senior executives including a high-level representative of **Hewlett-Packard Development Co.**, Rich Baldwin said. Similar marketing efforts are conducted through the company's ongoing Nth University in which advanced technical training is offered in the areas of server virtualization, storage virtualization and networking.

In addition to its cloud services and server and storage virtualization, Nth Generation offers data protection and disaster recovery, data backup, storage area networks implementation and assisting with such things as setting up large computer systems and infrastructure to helping companies transfer from outdated equipment to newer equipment.

Keith Michael Esshaki

Keith Michael Esshaki, CEO of Scripps Ranch-based **GTC Systems Inc.**, ranked No. 6 on the Technology Solutions Providers list, attributes at least part of its growth from $5.5 million in local sales volume in 2009 to $6.6 million in 2010 to the surge in cloud computing.

"We expanded our sales team and also the trend for virtualization and cloud computing is also what contributed to that," Esshaki said.

Along with sales growth is an increase in staffing from 24 local employees last year to 35 this year. Esshaki anticipates increasing that to 50 employees this year, partly in response to demand for its IT staffing services, which includes help desk, programmers and administrators.

"We're focused on becoming one of the top IT services companies in the world," said Esshaki, whose company has sales offices in Orange County and Los Angeles. "There's more demand right now because of cloud computing, virtual hosting. It offers companies a more economical way of managing their IT versus housing it in their own infrastructure."

Laurie Bokuniewicz

Ranked No. 7, **5x Technology** is also a company on the Technology Solutions Providers list that's growing, despite a drop in its number of local employees from 10 in 2010 to seven this year.

"We had some of the contracts that we'd been working on steadily close, but we're getting new ones so we're hiring more people," said **Laurie Bokuniewicz**, marketing and public relations manager for 5x.

The growth from $6 million in local sales volume in 2009 to $6.1 million in 2010 also continued with the return of CEO **Jeffrey Yefsky** from overseas duty in Iraq for the Naval Reserves in March last year, Bokuniewicz said.

The Data Game

The Kearny Mesa-based 5x Technology, with consultants and sales staff distributed throughout the U.S., resells the business intelligence software products **IBM** Cognos and **SAP** BusinessObjects and provides information management solutions that collect, organize, manage and interpret volumes of raw data and unstructured information collected in commercial and government organizations. As a result of a recently signed partner agreement, the BusinessObjects software will be packaged with hardware that **CB Technology** resells for Hewlett-Packard and it will be resold initially to financial institutions, followed by distributions to other industries.

5x Technology has also recently formed a partnership to support and implement **BMC Software**'s suite of Business Service Management tools. From automating and managing IT processes, improving decision-making and insight, to managing the hybrid data center including cloud, virtual, distributed and mainframe resources, these tools help IT organizations lead the way to new business opportunities, reduced costs and better utilization of existing resources.

The company is also heading in new directions with a revamped website that will soon launch along with a business intelligence blog.

"It's looking like 2011 will be a growth year as well," Bokuniewicz said.