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B2B IT Solutions Provider for Startups and Enterprises



Daniel R. Serpico
Chief Executive Officer
and President

“We have a tremendous culture, the financial wherewithal and the strength of direction, so we are going to be a presence for many years to come.”- Daniel R. Serpico

FusionStorm, Inc.

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CEOCFO: Mr. Serpico, what is FusionStorm?

Mr. Serpico: FusionStorm is an IT solution provider. We are a reseller of a wide variety of leading edge technologies and we provide services in support around all of those technologies.

CEOCFO: Who is using your services? Is there a common thread among companies?

Mr. Serpico: We are a business-to-business provider and we are up and down the entire scale from startup companies to enterprise class customers. We sell to all three of those segments, small medium and large. Particularly in the age of technology, you see companies like Facebook, which started as a very small company with us, Credit Karma.com started with only 11 employees, and very much so in Silicon Valley you are seeing enormous amounts of growth, which is why target those smaller companies and support their rapid rise to success.

CEOCFO: How do you help a company as they grow?

Mr. Serpico: We like to think that while we provide technology solutions, ultimately we are providing answers to business problems. It just happens to be technology that supports or defines those answers. We are not an ERP or a software platform, but those software tools that

companies use to grow and to be successful need to run on something, and they run on hardware. They run in the cloud or on their own data centers, or in hybrid forms. Therefore, what we do is we provide them with core infrastructure that supports them in a wide variety of ways, whether it is cloud, on-premise or hybrid environments, there is a technology answer that is constantly changing. We take the confusion out of all of that, then give clients the most cost effective solutions to drive, farm and store their data. Then we help move them through the growth cycle by adding or changing their environment, given the ever-evolving changes in the market.

CEOCFO: *How do you stay ahead of the game given the changes in both the company as well as the technology?*

Mr. Serpico: More than half of our employees are engineers. Engineering is the most critical competency that we have today, which involves a great deal of training of our engineers, a great deal of training by our engineers and manufacturing partners for our sales force. We also do a great deal of training around technology for people that are not involved in either engineering or sales. It is very important that we stay abreast of all of the changes in the market. The other thing is that having such a diverse portfolio, as opposed to many of our competitors who are very limited in their approach, forces us to stay on top of the every change market, because all of these technologies inevitably work with one another or against one another. We are committed to staying ahead of the market.

CEOCFO: *As a VAR, how do you know when to tell a company that they are using the wrong system?*

Mr. Serpico: There is no simple answer to that because every client's needs change all of the time based on one hundred different reasons. The existing environment dictates the kinds of changes that they can make going forward. Their existing budget dictates the types of changes they can make going forward. They may have bought gear that was state of the art a year and a half ago, but have a four-year lease, so they are locked in without the financial wherewithal to make a change. In addition, the best solution today may come with some risks associated with it as well. Therefore, the short answer to your question is that you have to have trust with your customers, and you have to communicate honestly with your customers and you have to listen to your customers. The truth of the matter is that not everyone is going to agree with us, which is why we do not win every sale. Ultimately if you have integrity behind your proposed solutions and you listen to what the customer's diverse set of challenges are, you can gain trust and help guide your customers through better answers.

CEOCFO: *Are prospective clients turning to you because they understand the depth of what you do, or often surprised to find out your holistic approach?*

Mr. Serpico: It is both. Clients come to us because we have a diverse range of solutions and in a world that is very confusing, so having a trusted adviser to work through the confusion is your best consultant. The reality is that there are just as many customers that come to us with a particular need, such as a network problem, or their storage is filled up to capacity. However, from that little challenge we are able to work with them and sometimes create a broader solution at that particular point-in-time or just give them confidence that as they move down the road, we offer a far greater skill set than just that unique problem.

CEOCFO: *How do companies find FusionStorm? Do they come from the various vendors that may recommend you or people searching for IT providers; what is the range?*

Mr. Serpico: The old model was that a disproportionate percentage came from the vendors. A company may have a storage need and call 1-800-EMC. EMC brings in Fusionstorm because they have confidence in our ability to deliver value. It is one way, and it works very well, but that is only part of it. We have our own marketing department that is independent of our manufacturing partners. We solicit through our own services, we have our own website, we write white papers, and we have trademarked some of our own solutions, so we are promoting those things. Finally, having developed individual relationships, when people move, they bring us with them. It's all of the above.

CEOCFO: *Would you tell us about the solutions that you have trademarked?*

Mr. Serpico: We have a unique solution today that we call InfiStack, which is a FusionStorm architected and built, fully integrated software defined rack. We are working with a variety of leading edge manufacturing partners and we can do it on a variety of operating systems. It is very scalable and very flexible. We can move different solutions in and out of the stack based on the unique needs or requirements of our partners or customers, and then we offer full support. It really is differentiator between our competition and us. This is our own unique brand and engineering.

CEOCFO: *Did the company realize early on that you should be heavy on engineers or did that concept grow over time?*

Mr. Serpico: It has always existed. Engineering has always been a critical component of the company over the last twenty years.

CEOCFO: *On your site it indicates that giving back is important for FusionStorm. Where do you focus your efforts and why is it important for you?*

Mr. Serpico: How I feel about giving back merges with how the company approaches it. My wife and I feel very strongly that it is important to give back. We have been very lucky and we have taken advantage of that luck, it is important to give back in a variety of ways. Those may include riding in the Pan-Mass Challenge or the personal donations that we make. It is also important that FusionStorm as a company takes advantage of the success that it has had and tries to find ways to give back. We are a low margins provider, so we cannot afford to give out millions of dollars like AT&T might. However, within the context of our budget and the cash flows that we have, it is important that we make a financial contribution. Our employees respond very well to the notion of serving the community. For years, we have included a community service day, as part of our President's Club trip. We take a day out of that trip and everybody including spouses and children. It is also a wonderful bonding opportunity as well. We also make direct donations to dozens of charities, every year, and we have committed to financially supporting every employee who participates in a charitable event.

CEOCFO: *What is ahead for FusionStorm? What might be different a year from now?*

Mr. Serpico: We are going to be bigger. The company over the last half dozen years had struggled, and we had to effectively restructure ourselves. We reorganized our approach to the market. We changed our

approach to managing our bottom line, we changed our approach to risk, changed our approach from being too entrepreneurial to one that has better controls and process. The result was that transformed to a company that now has significantly improved profitability and a significantly deleveraged Balance Sheet and magnificently improved cash flow. Now re-focused on growth, we are up more than 30%, through seven months. We are investing in growth, we are committed to growth and we have build long-term plans and incentives for our managers around growth. We are going to get back to growth, but with better discipline than we had in the past.

CEOCFO: *Is international a big focus for you in your growth strategy?*

Mr. Serpico: It is, but as part of our international strategy, it is not our plan to sell to BMW or Barclay's Bank. We are focused on supporting US based companies with international operations. We think there is a huge need, to support the global expansion for US-based companies. To have a solution providers, who they can trust, for all of the markets they are in, can be difficult. The technology can be different, the cultures are different, the laws are different. To have one resource to help manage through all of that, like Fusionstorm, can be a tremendous asset.

CEOCFO: *Final thoughts. What should people take away when they read about FusionStorm?*

Mr. Serpico: We are a presence in the market and we are a force to reckon with. We have been here for twenty-one years, which is a very long time for a solutions provider to be around. If you think about all of the changes that have taken and continue to take place, you want a partner who has proven the ability to adapt and recommend leading solutions. FusionStorm has survived massive changes in the IT market, several recessions, including the dot-com bust and the banking crisis. We have managed through difficult times and grown. It is a tremendous story. What it says is that we've got staying power and we have the intelligence within our culture to change and adapt to an ever changing world. That makes us a good partner and someone that you can trust. We have a tremendous culture, the financial wherewithal and the strength of direction, so we are going to be a presence for many years to come.

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine





Daniel R. Serpico and his son Patrick at the finish line after raising \$28,500 for the annual Pan-Mass Challenge 200-mile//2-day bike ride which raises \$40 + million per year for cancer.