

## A Full Service IT Solutions Provider, Xylotek Solutions Inc. is Built Around a Unique Service Model that Provides Corporate-Level IT Expertise to Serve Clients' Hardware, Software and Professional Services Needs

**Business Services  
IT Service Provider**

**Xylotek Solutions Inc.**  
600 Jamieson Parkway, Suite 3  
Cambridge, Ontario N3C 0A6  
519-584-2089  
www.xylotek.ca



**Douglas Grosfield**  
President & CEO

**BIO:**

Douglas W. Grosfield is the President and CEO of Xylotek Solutions Inc. As a co-founder of the company, he is responsible for managing business activities, new business development, legal and finance. He works with a wide variety of customers from such sectors as aerospace, manufacturing, healthcare, insurance, and high-tech. His extensive industry experience has proven pivotal to the continued growth and success of Xylotek, a rapid-growth IT Services Provider, redefining the standards for customer service throughout the tech industry.

When Grosfield is not driving Xylotek forward through the ever-changing and highly competitive hi-tech landscape, he can be found driving high performance race cars and motorcycles around Canadian and U.S. race-tracks.

**About Xylotek Solutions Inc.:**

Xylotek Solutions Inc. is a full service IT solutions provider serving clients' needs throughout North America for hardware, software and professional services. Xylotek helps clients to augment their internal IT department to be more effective and efficient, reduce their IT spend as well as out-source all of their IT requirements from helpdesk to CIO and everything in between. Winning awards such as: Best Tech Workplace (1<sup>st</sup> place in Canada), and 3<sup>rd</sup> overall in North America, placing in 2008 and 2009 on the Profit HOT50 Emerging Growth Companies lists, the 2011 and 2012 Profit 200 Canada's Fastest Growing Companies list, and the 2011 North American Service Providers Fast Growth 100 list; as well as being a 2011, 2012 and 2013 Ernst & Young Entrepreneur of the Year nominee. Xylotek continues to achieve recognition as a trailblazer providing best-in-class offerings to its diverse client base.

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

**CEOCFO:** Mr. Grosfield, what is the concept at Xylotek Solutions Inc.?

**Mr. Grosfield:** Xylotek is a full service IT reseller. We provide the hardware, software, and our professional

services to make it all work together. In a nutshell, we are an IT department for hire, and have always approached our business 180 degrees contrary to what our industry normally does, which is more typically a product-centric mindset. We built the company around a unique service model that provides a level of high corporate-level IT expertise that historically has been unavailable to the SMB space in Canada.

**CEOCFO:** Would you give us a concrete example of the level of service?

**Mr. Grosfield:** It starts right from how we build the company from a personnel perspective. Typically, in our industry, the ratio between sales people and technical staff is about five sales people for every one technical systems engineer. We are the opposite, and we have three sales people and sixteen technical people. Everything we do is approached from a service mindset, and when we are interviewing a prospective customer, we are not talking about technology with them, which is confusing to most and counterintuitive to our partners. We partner with companies such as IBM, Microsoft, CA, Lenovo and Cisco in order to bring the right solutions to our customers. Their goal is to sell as many of their products as they can to as many people as they can, where our goal is to avoid talking about their technology at all. It is interesting when you have one of their resources in a meeting with a prospective client and we do not want to talk about technology at all, our technology partners are confused by our approach. They want to change the conversation around. We go in there with the goal of talking

about the customer's business itself and understanding what it is that they are really doing. We want to know how they feel they stack up against their competition in their industry, what areas they feel are lacking in their own business, where they could improve a little bit in any area to leap ahead of their competition, gain market share in their industry, be more successful and meet their goals on a personal and departmental level, and on a corporate level financially. In the background, while we are having those kinds of conversations about their business and their goals, we are filtering that through our minds and databases of technology. We think about how we can pick from that to find the right pieces of technology that they may already have and made that investment in but are just not using correctly. We might also have to add something to the mix. We come up with a solution while we are having those kinds of conversations and we are very straight about telling them if they do not need to buy any new hardware and software to do what they are trying to do. We are clear about that and, as such, we are often referred to as reluctant sales people in our industry. As a matter of course, product sales come along with a package once you develop that relationship with clients. Our goal is to have a forever relationship with every customer with whom we engage.

**CEOCFO:** When you are initially talking with a customer, what is the "aha" moment when they understand the difference in your approach and how it should matter for them?

**Mr. Grosfield:** A few small ones seem to happen along the way. You can see the confusion because they are having a conversation that they certainly did not expect to have. It is often a stigma in our industry that people have a tendency to believe the worst, and expect to be sold a bill of

goods every time they have somebody else come knocking on their door. Our approach right out of the gate seems more into them, so there is an immediate interest in our approach. People may initially wonder how we are different, but they like the fact that we are talking about them and their business, not just paying lip service to wanting to help them succeed while trying to close a quick sale. We are truly interested in making their business more successful, because if they are more successful through our relationship with them, ultimately we will be more successful. It is a proven model. Every single year we have been a rapid growth

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company, and have received awards of different types throughout North America. The recognition is helpful and has its appeal from an ego perspective, however it is also proof that what we are doing- building a better mouse trap- is actually working and doing what it is supposed to do. Usually, the biggest "aha" moment for a customer is when they take that initial leap of faith with us. It is usually on a project that this happens, maybe they have something cooking that they have not pulled the trigger on for a while, did not have the internal expertise for, the budget was not ready or they were just too nervous to try it. They dip their toes in the water by

saying they want to try this project with Xylotek and see if what we are telling them and the feeling they are getting about us being a different kind of IT provider works out. When we execute on a project with them, it normally involves sourcing some hardware, software (or both) and working either with their internal IT staff or in lieu of same if they do not have their own IT staff. We implement that project; get it integrated into their current environment with excellent planning and forethought toward avoiding any kind of disruption to their day-to-day business in doing so. When a project goes off without a hitch, on time, on or under budget,

and we charged them less than what we quoted them because we did not take as long as we intended to, the light goes on in their eyes! They say that it was very easy to do business with us, and that they wonder why it does not happen all the time when they work with other IT companies. Once that initial leap of faith is taken, and they experience Xylotek as an IT provider and partner in their company, the next sales call is an awful lot of fun to go on because it is a lot easier of a conversation to have. There is not that inherent mistrust that is often present in our industry, where the customer is just expecting a hard sell on some fancy new product.

The tech world hinges on the excitement and hype as well as the need to have the latest and greatest servers from IBM, HP, Dell, or whoever. Clients are often told they have to throw the baby out with the bathwater now and get all of this new stuff, unnecessarily. The entire tech world is based on that cyclical refreshing of the technology at a very rapid pace, and frankly most companies do not need that. They simply need to have a trusted partner help them embrace technology to do more of what they are supposed to be doing, and do it better, faster and more efficiently.

**CEOCFO:** Are there particular industries or a certain geographic reach for your typical customer?

**Mr. Grosfield:** It is a moving target for us. We have been in business now for eight years and every aspect has changed a lot. We have redefined what our target audience is and what our geography is many times over. Briefly, I think the size of the customer and the type of industry they are in is (by and large) irrelevant to some degree. In today's business environment, everyone needs access to information in a reliable and secure fashion, and there cannot be delays or downtime. They need that stable computing environment, a high performance network for everything to run on and they need the appropriate security measures in place to protect them against access from the outside or data leakage on the inside, with staff accessing things they should not access or sending information out that they should not send out. Firewalls, data leakage protection and antivirus are some of the things that everybody needs, regardless of the size of the company or what it is they are doing. It is simply the scale of that which changes and the level of complexity. We have customers with one or two doctors or lawyers in a small office right up to the Canadian government and various military organizations, as well as everything in between. We work in healthcare, aerospace, transportation, manufacturing, education (which is big for us), real estate, hi-tech, governmental, legal and financial. It runs the gamut and it is hard to find an industry where we are not dabbling in. The only differences are the industry-specific applications that each kind of business runs, which is part of the specialized expertise that we develop and gain experience with as we grow along our customers. We support that within their environment as well, but the underlying infrastructure from the cabling up through the servers, storage, networking, data centers and backup/disaster recovery are all kinds of things that are industry agnostic.

**CEOCFO:** What is the key to understanding the differences among the various technologies?

**Mr. Grosfield:** It is an industry where there is so much change. A lot of it for most people is largely irrelevant, but weeding through the fluff for our clients is one of the major responsibilities of a company like ours. We are our customers' champion; we stand between them and the pomp and circumstance and marketing fluff from the hi-tech world. We help them to understand what is relevant to their business. In order for us to do that, it takes an awful lot of time. It costs us nearly as much in training per person each year as it does for our salaries for our technical people, and that is an ongoing thing. The continuing education and the constant reinvestment by our organization in that continuing education helps us to maintain not only relevance in our industry, but an industry-leading position in terms of our expertise and reputation. The last thing that a large company such as Microsoft wants to do is stand behind a partner who does not truly drive value into their customers businesses by understanding their products. Unfortunately, in our industry it can be very expensive to do so. A three-day course on a new technology could cost you \$8,000 or more, and you have that resource out of the field and not generating revenue during the time that they are training. Many companies do not make that investment and they gain expertise through working with the technologies at their customers, in effect learning it on the customer's dime. What we do is spend a lot of time and money investing in our disproportionately large technical staff, and that comes full circle to how our company is different. All of our employees have that high level of training, which is constantly maintained and deeply ingrained into both their employment goals and their own personal aspirations. This is all geared toward driving that value into our customers' businesses as a result.

**CEOCFO:** What are the intangibles that you look for in your employees, both in the sales and technical aspects?

**Mr. Grosfield:** We have a pretty long and painful recruitment process that we have developed, and we have learned a lot along the way. It is easy

in the tech industry to put together a resume that has all the right buzzwords and acronyms, and talks about the current hot button technologies and topics. To dive a little deeper on that and brush aside the resume fluff to find out whether somebody truly understands the technologies that are relevant today, we have had to develop a process. In the process, we will do the initial reading of their resumes and have some phone interviews. We then bring them in for a little bit different experience where we will do a group interview with them in which they are sitting in a room with a number of other applicants and they hear the answer come out of someone else's mouth that they may have been thinking of giving to a specific question. We get to see how they work in terms of a group dynamic as well as how quickly they can think. In the tech world, there is no shortage of speed bumps in technology and when you are doing something and the unexpected happens, you are not getting the result that you want. Often times, you need to react very quickly under high levels of stress and be able to come up with an alternative as well as execute on that effectively. We get to see that behavior come out in a group setting, and then we move them on to a practical test, which is designed to see them fail. They are put into a lab environment where they have to configure a technology, with very specific instructions as to what the result needs to be, but not the steps necessary to get there. We get to see the choices that they make, as it is all recorded so we get to review what it is they are doing and in what order. We see pre-installed speed bumps along the way where we have designed it to fail, and we get to see how they react, and the troubleshooting methodologies that they employ. It is a half day worth of technical testing that they do, and at the end of it we have a very good idea of how they react to a situation that is not working as expected. Finding the right mix of that technical skill set and the softer skills has always been a challenge in our world. We are kind of spoiled in the Waterloo Region here with the University of Waterloo, Wilfrid Laurier, and Conestoga College. There are

so many highly technical and brilliant people coming out of these institutions, but finding someone who is technically brilliant is only half of the equation. We need somebody who is part technical wizard and part therapist. In our side of the industry, it is not like the corporate IT world where they come in to work 9-5, they have a set budget, a group of technologies that they have to keep working for their constituents in the company, and people being allocated to do things such as the backup and email systems. In our industry, everybody has to be a bit of a jack-of-all-trades. When we are called in, out of the blue, it is inevitably because internal IT staff at an organization have run into a problem that they are incapable of getting past. The fires are burning, the stress levels are usually extremely high, and we are quite often not getting the whole story from the on-site staff, as they may have made a mistake that resulted in the downtime

incident. It is human nature and they are protecting their territory. The ownership at the organization is extremely stressed out because they may be losing hundreds of thousands of dollars in ecommerce while these systems are down. The type of person that is parachuted into that type of environment has to be able to handle extremely high levels of stress and come up with an effective read of the situation without getting a lot of information from the people on-site. They need to come up with a solution, execute on it and do so quickly, efficiently and correctly, all while managing the stress of all the people around him. It is a very unique blend of skill sets that it takes for somebody to willingly do that.

**CEOCFO:** Why should people in the business and investment community pay attention to Xylotek Solutions Inc.?

**Mr. Grosfield:** In the business landscape today, technology is an ever more important piece of an effective business strategy. To be a growing company and a profitable company, you have to embrace technology. Yes, that is dependent on industry to some degree but they need to have that faith and trust in a technology partner so that they get what they need, when they need it, at the right price, and they do not throw money down the drain in implementing those technologies. It is a trust relationship and in our industry, unfortunately there is often a lot of ground to make up in terms of those relationships having been broken in the past. Xylotek is very effective at proving right from day one that we are a company you can trust, we will do exactly what we say we are going to do, it will be the right technology for your company and it will allow you to meet the goals that you have defined for your organization.

