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## The PC Network Services State of the Company - 2008

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### Thank you

Well, it's that time again. Another year has come and gone, it is time to sit back and take stock of our company. This is the fifth year we have created this document. In addition to informing our Clients on the state of our company and industry, it gives us the opportunity to learn from our past, appreciate the present, and plan for the future. As we go through this process it is important that we recognize that nothing happens without you, our Clients. You enable us to ply our trade, your feedback gives us direction to improve, and your satisfaction with our services motivates us to do better every day. Every member of our team thanks you for choosing us to be a part of your information technology (IT) support team.

### The State of the Industry

The big question in the industry right now is when will the new Microsoft technologies gain traction in the small and mid-sized business (SMB) marketplace. In the last 18 months Microsoft has released radically new versions of Windows (Vista), Office Suite (2007), Exchange mail server (2007), and just released, Windows Server (2008). While none of these have moved into corporate computing production, those early adopters (we all painfully know who we are) have assisted Microsoft in working out the kinks and making these products ready for the mass markets. The one interesting wildcard that remains is training. Training has historically be the most overlooked component of information technology. Partly to blame for this has been the similarity between consecutive versions of programs reducing or eliminating training budgets when upgrading. Microsoft believed to take their programs to the next level the user interface to Windows and Office needed a complete overhaul. This issue will complicate upgrade decisions, however, the silver lining is it will require formal training which always has huge dividends in business.

The big news in the SMB marketplace is the rapid adoption of virtualization. The tsunami warnings are out and this appears to be the beginning of the next generation of computing we have been talking about for the last few years. Virtualization comes in two basic forms. First is server consolidation; the ability to have the functions of multiple servers running on a single physical server. The second is remote computing; moving the server infrastructure to a remote site to be accessed from anywhere. There are many variations of the above two themes including combinations. Expect to hear a lot about this in the coming months and years.

Lastly, **green** seems to be a popular topic in the media these days. This is especially true in IT. Look to see more on this in the coming year.

Overall, the state of technology in the SMB marketplace continues to improve. We see consistent progress in the quality and reliability of the products. It is also evident that more and more Clients are starting to treat their technology as a managed business process and not just a reactive necessary evil. We expect these trends to continue and the result to be improving reliability and predictability of IT in SMB's.

***The PCNS State of the Company - Jan 2008.docx***

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## **PCNS - A Year in Review 2007 – Our Accomplishments**

### **From Last Year's State of the Company Letter:**

**Upgrade Technical Skills:** While it was a painful year to those of us who were the early adopters of the latest technology, we are in a good position to efficiently implement these products when the time is right. We invested heavily in equipment and formal training over the past year. This will continue into the New Year.

**More Security Improvements:** After years of evaluation and false starts, we successfully rolled out a centrally managed endpoint security system (PC / Server anti-virus & anti-spyware). We have deployed this to roughly 50% of our Client base and should be done with everyone by summer.

**New Facility:** Urrghh... very little progress on this. While we did bid on a property (lost) and now have a professional space plan, we still have no concrete plans. We really, really have to address this in 2008.

**Automated Reporting:** This is an area we made significant progress. In addition to automating technical reporting, we turned up our Client activity access portal, invoicing via email, and automatic Help Desk ticket creation via email.

**Sales and Marketing:** Another area of significant progress. We completed our new web site and had wonderful success utilizing Google ad words. So much so that we recently signed up with a professional web optimization firm to further improve these results.

### **Additional 2007 Accomplishments:**

**Co-Location Facility:** We have multiple Client systems running virtually in our space and doubled our committed space to accommodate the continued migration of PCNS & Client virtualized systems.

**Strategic Technology Review Meetings:** The meeting format was completely redesigned in 2007 undergoing a fundamental shift from tactical / reactive to strategic. These meetings are now based off of Technology Report Cards, System Assessments, Budget Worksheets, and Client Business Goals Surveys.

**PSOM Flex Scheduling:** As a result of Client requests, we have started offering flex schedules for pre-scheduled on-site maintenance visits. This means that we shift the end user disruptive portion of the visits to evenings, Saturdays, or Sundays. There is a small fee adjustment for this service.

**The Help Desk:** In 2007 we closed over 4500 help desk tickets and our escalation to the field rate was under 2%!

**Going Green:** As mentioned above the environmental concerns are mainstream. With all this in the news we started to evaluate how we rate and we were surprised by what we found. While in most cases that the technologies, processes, and services we have added over the past few years have significantly improved the quality and reliability of our Clients' systems, it was a positive unintended consequence that they were green as well. Here are some examples...

**Remote Support Tools** – fewer trips means decreased windshield time. Not only does this improve our efficiency, it save gas. Our latest tool is called a DRAC card and allows us to control a server even if it is off. These are now a standard option for all our servers.

**Reduced Printing and Paper Use** – We are scanning our Client documentation into the portal (saves making multiple copies) and emailing invoices. This is another efficiency strategy which also saves power and natural resources.

**Server Consolidation** – this is our newest technology offering runs multiple virtual servers on a single physical one. This saves power, cooling, server room space, manufacturing resources, and recycling effects.

**E-Recycling** – We have been facilitating for a number of years and 2007 saw a record number of units processed.

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## PCNS – Looking into 2008 – Our Goals

**New Facility:** At the risk of sounding like a broken record, we will make progress on finding new space this year.

**Virtualization:** This is a multi part goal:

- 1.) Complete the consolidation and move of PCNS internal systems to the Co-Location facility. In addition to improving performance and reliability, this will give us the flexibility to easily leverage emerging technologies and business growth.
- 2.) Build out our Client access virtual network in the Co-Location facility – this will be the next generation of computing. In this computing model Client's will rent, not own their networks, ensuring their technology is always current and scalable to their business needs.
- 3.) Consolidate Client server rooms. Many of our Clients have many servers in their server rooms powering their businesses. As part of normal lifecycle planning we will be implementing the foundation to leverage these technologies.

**More Green:** We have some exciting plans in the works to measure and manage electrical power consumed by IT. Our goal is to significantly reduce power and cooling consumption resulting cost savings and CO<sub>2</sub> emissions.

**Expanded Help Desk Hours:** Our traditional Help Desk hours have been Monday thru Friday from 8:00am until 5:00pm. As we continue to expand our Help Desk staff this year, we anticipate starting earlier and finishing later. This will allow us to perform more troubleshooting outside of normal business hours and reducing end-user disruption.

### **New Technology Skills and Deployment:**

**MS Windows Server 2008** - next generation of MS server software being released in the first half of 2008 - while this isn't expected to gain any traction in the marketplace this year, we plan on acquiring our technical skill sets.

**MS Exchange Server 2007** - we expect this server to gain traction early 2008.

**MS Windows Vista** - had a very slow and rocky start, Service Pack 1 is out and seems to have improved performance and reliability, but will be interesting to see if this gains any momentum.

**MS Office 2007** - despite a steeper than normal training curve, we expect Office 2007 to gain momentum in 2008.

**Vista and Office 2007** - both have new user interfaces which will further challenge the migration process. We expect to see fewer hybrid networks than with past MS upgrades which will reduce the number of gradual upgrades.

**VMware Virtualization Software** – complete our certification requirements.

**Next Generation Process Management System:** Anyone who has ever seen us work would know our organization is driven by process. We have always believed that our industry is 80% process and 20% engineering. Most of our peers cannot come close to our networks reliability and our support efficiency because they don't grasp or can't manage this main concept. Our systems for managing these processes has been manual and evolving over the years. In 2008 we are committed to re-engineering the system that manages our processes and automating the system to further improving our quality and efficiency.

**New Members to Our Team:** As everyone knows, a team is only as good as a sum of its parts. As we continue to grow we have a constant need for attracting talent. We are currently looking to add two new positions to our ranks, a Level 2 Help Desk Engineer and another lead integrator. It is difficult finding people who have the technical skills AND can fit into our culture of fanatical support. While searching for talent is a perpetual process for us, we ask that all of our Clients keep this in mind in case they know of anyone who would fit into our organization and culture.

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Lastly, we would also like to mention that our success depends on your success. The focal point of all our goals is to provide you with a stable, predictable, worry-free technology platform from which you pursue *your* goals and run a successful and profitable enterprise. When we perform well, you are free from the distractions of technology and are able to focus all energy on taking your organization to the next level. Flexibility is a key to us being able to constantly adjust to the ever-changing technology landscape and provide ever increasing value to you. So, when you see us continually tweaking and re-engineering our processes, tools, and channel partners, you can rest assured that we are striving to improve your security, stability, and predictability.

## Thank you

As you can see we had another productive year and made good progress on our goals. We have set aggressive goals for the coming year and feel strongly we are moving in the right direction. We recently came across a definition on innovation that we feel meets our business strategy;

*Innovation is the product of culture and methodology. The culture of innovation tolerates failure and smiles on creativity. But such a culture is not enough in itself: successful innovation also pitilessly rejects bad ideas when their promise has been exhausted and efficiently executes the development and commercialization of the best ideas.*

Business today demands perpetual innovation to stay relevant. This document shares with you what is going on backstage at PCNS.

We are proud of what we have accomplished last year and are excited about the coming year. We welcome any and all of your thoughts on how we could improve the services we provide.

In closing, we want to thank you for giving us the opportunity to practice the trade we love to do. As always, we appreciate your business and thank you for your patronage. We wish you a wonderful and prosperous 2008.

PETER & CLINT