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The PC Network Services State of the Company - 2009

Thank you

Welcome to the sixth edition of the PC Network Services State of the Company. As always, we want to start off this message by thanking all of our Clients for giving us the opportunity to serve their organizations. We appreciate your confidence in us and strive to be the very best solution for your IT needs. For those of you new to this document, its purpose is twofold; to discuss the current technology trends, and to give us the opportunity to learn from our past, appreciate the present, and plan for our future.

The State of the Industry

These are the worst of times, these are the best of times. We cannot talk about the state of the industry without first talking about the economy. As we all wade through the current economic, political, and global environments, we are deluged with information, some good, mostly bad. The organizations that successfully position themselves to not only survive, but prosper during these current trends will be the big winners in the recovery. As our margin of error narrows, it will be ever more important that all of us make sound business decisions that will get us through these times as well as position us for the future. Part of our role is to assist our Clients in making good technology decisions based on their individual organizations situation and needs.

The technology industry continues to move forward without regard for the economy. One of the big movers is the concept of virtualization. Virtualization is a broad category that symbolizes efficiencies. Some of the buzz words are; server, storage, application and desktop virtualization, cloud computing, web 2.0, SaaS (software as a service), and social networking to name just a few. There are many ways these technologies have been affecting our Clients and the benefits are reducing capital infrastructure and ongoing support costs while at the same time improving, capability, performance and flexibility. Almost every project we were involved with in 2008 included some form of virtualization. This broad concept is a paradigm shift from the traditional technology methods of the past and its advantages will or won't be justified on a case by case basis. Any applicable options will be discussed during our normal technology assessment and planning processes.

Another set of technologies that has made progress (or not) is the current suite of Microsoft applications. Last year the majority of these were still too new know when the time was right to start utilizing them, here is where they stand now...

Windows Vista -Vista missed-a - it looks like this may be a fly by, it continues to have little traction in the business marketplace (Microsoft has again extended the ability to get Windows XP preinstalled on a new PC) and there is a new version (Windows 7) on the horizon for late 2009.

Office 2007 -the latest version of the venerable Outlook, Word, and Excel suite has had slow but steady acceptance. The major changes to the menuing system and file compatibility with previous versions has offset its new and improved features, slowing its adoption.

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Exchange 2007 - arguably the best email platform has got even better in this latest version. The improved security, reliability, remote access, and email management has contributed to the quick adoption of this platform. However, the new features come with a price; increased hardware requirements and configuration complexity has increased the total cost of ownership. We built a shared Hosted Exchange 2007 infrastructure in our data center that is a cost-effective option for the smaller firms.

Windows Server 2008 - the heart and soul of a computer network is the Windows Server. This version may be the most solid and reliable product Microsoft has ever released. It essentially worked from day one (definitely not the norm) and continues to be a solid performer.

Windows Small Business Server 2008 - combine Windows Server 2008 with Exchange Server 2007 and make it into a package for small businesses. This product was released at the end of 2008 and has yet to prove itself, we expect this product to mature in 2009.

A surprising trend that developed in 2008 was the popularity Apple's Mac notebook computers. While our Client base runs predominately Microsoft based programs, there have been a significant number of users acquiring Mac notebooks. While a few of these users have Mac centric applications, most will also run a copy of Windows with the Microsoft applications installed. While the Mac (I admit that I have one) has some very cool features, its options significantly add to the cost of a notebook and the users must be much more technically self sufficient.

High energy costs have gotten everyone thinking **green**. Don't you just love those IBM commercials about green computing? Well, that is real and it can be realized by all of us. We have been focusing on being Green long before we knew we were doing it. Many of the Green techniques we practice have little to do with the actual technologies we employ as much as the way we work and our habits. We are planning a Green education program in 2009 to share what we do.

Lastly, security is an ever moving target. The threats and risks today are more serious and come faster than ever before. Many are based on social engineering and try to trick/temp users to bypass employed security systems. There are new security technologies that come into the marketplace regularly and we are constantly evaluating and adjusting our processes. *As these threats continue to get more dangerous and sophisticated, we will all need to change our habits, behaviors and tools.* Unfortunately this will mean restricting or eliminating some of the freedoms and liberties we have allowed our end users. The large enterprise companies locked their systems down and started monitoring user activity years ago, the time has come for these philosophies to permeate the small and mid-sized business community. Prepare to have these conversations this year.

PCNS - A Year in Review 2008 – Our Accomplishments

From Last Year's State of the Company Letter:

New Facility: Still no new building, but we did do a substantial renovation to our existing space that bought us time. We are continuing to look.

Virtualization: This was a multi part goal:

- 1.) We completed the consolidation and move of PCNS internal systems to the Co-Location facility. In addition to improving performance and reliability, this gives 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 is the next generation of computing. In this computing model Client's rent, not own their networks, ensuring their technology is always current and scalable to their business needs. We have six Client's successfully using this model.

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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 are implementing this technology to reduce the number of physical servers. The majority of projects we performed in 2008 had a virtualization component.

More Green: We made some significant inroads in our ability to measure energy consumption used by technology and are developing techniques to help our Clients manage and reduce energy consumption and their carbon footprint. In addition recycling electronics, we started recycling paper, cardboard, cans, bottles, and electrical/data cables. We also implemented online invoicing, bill pay, and other printing conservation techniques.

Expanded Help Desk Hours: We extended our Help Desk hours to 7:00am to 6:00pm. We plan to extend them further in 2009. Also, PSOM (Pre Scheduled On-site Maintenance) flex scheduling continues to grow in popularity - reducing the disruptions caused by these maintenance visits.

Next Generation Process Management System: While we made great strides in creating the new content for the new MS technologies, we didn't get this project completed. It has our commitment in early 2009 and will also be the base for the next generation of our KMS (Knowledge Management System).

New Members to Our Team: We spent considerable energies locating and interviewing candidates over the last year. It has become a permanent part of our management routine. A positive consequence of the current economic times is that the IT job market is finally starting to thaw. We have made some new additions to our team and are continuing to look for more.

Privacy Policy and Code of Ethics: This was not on our goal list, but was one of our most important accomplishments. We developed these documents at the request of a Client, but once started, we embraced the project because it helps us to articulate and reinforce rules and values, as well as help shape the culture inside our organization.

PCNS – Looking into 2009 – Our Goals

Office Goals:

New Office - We have a new realtor and renewed commitment. We will make progress this year.

Rockefeller Habits - We have signed up for a year long management program that will help us better define and articulate our goals and to identify corporate, department, and individual metrics.

Extended Help Desk Hours - Our goal for this year is 6:00am to 9:00pm with regular Saturday hours.

Managed IT Services:

Remote Data Backup - Tape backup continues to be a very inefficient and time consuming backup method, but it is still the most cost effective - this may be the year for off-site backup.

Email Archiving - this emerging technology will improve email management and assist with ever changing regulatory and compliance requirements.

Knowledge Management Database Upgrade - This database is the cornerstone of our remote support capabilities. A major re-write is required to improve its functionality, data management and searchability. This upgrade will be based on the same platform as our process management system.

Change Management Protocol - As we continue to grow as an organization it is important formalize a protocol which will control the implementation of required changes to some systems; includes version control and planned fallback. While this can slow down problem solving, it will improve our quality of support.

HD Ticket Close Protocol - Another protocol to improve our quality of support as we grow, this will help us ensure nothing slips through the cracks.

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More Green:

Intel vPro - This is a new technology built into all new PC's, and notebook computers that will allow us to still manage computers even when they are turned off. This means that most users will be able to turn their computers off at the end of the day AND we will still be able to perform afterhours (non-disruptive) maintenance. As these systems proliferate, we will start changing our management processes.

End User Education - In the coming year look for communications that will help you and your users improve there habits to better utilize resources.

Technology:

MS Small Business Server 2008 - We will continue to test this environment and once we feel it is stable we will begin deploying it as part of our normal product recommendations. We expect this to be second or third quarter of the year.

Internet Content Management - We have recently started deploying a technology that improves security, user management, and resource utilization. This is the most significant security tool we have implemented since the Internet Security Appliance in 2005. We expect a 25% Client penetration this year.

End Point Security Upgrade - Our current desktop Anti-Virus / Anti-Spyware system has just undergone a major upgrade greatly increasing its protection of current threats. We will slowly rollout this upgrade over the first and second quarter of the year.

Business Intelligence - As the vast amount data we all collect mounts, the successful business will be the one that learns how to mine, archive and manage data. We plan to have management scoreboards and dashboards utilizing our existing practice management database.

Thank you

2008 was a productive year and we made good progress on our goals. We feel confident that our previous years goals have put us in a good position for the upcoming year. We are confident and optimistic, however we are not blind to current events. We will continue to look for opportunities to improve our value to you and to help you stay focused on your business opportunities.

Lastly, as we said last year, 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 striving to improve your security, stability, and predictability. With today's current economic challenges, we must all stay focused and make sound decisions that help us navigate the times while also preparing to ride the wave of recovery.

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 2009.

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