

Cloud Application Development, Migration and Maintenance for Companies of All Sizes

Business Services Cloud Tech

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**Alex Brown
CEO**

BIO: Alex Brown, 10th Magnitude CEO, and self-described "Chief clutter cutter," is all about helping clients get stuff done. "I'm focused on our clients and their business goals. We are setting the agenda for how the cloud drives innovation for our clients, and I am excited by the part we play in their success."

He imagines the team sees him as level-headed and thoughtful, with a hint of nerd. And after more than 20 years in the tech industry, that's not too surprising. Alex founded 10th Magnitude in 2010 because he saw

the ground-breaking business agility and economic benefits cloud applications could offer. He combines an undergrad degree from Oberlin in economics and an MBA from Yale with experience that includes:

- Executive Vice President, Arrowstream, cloud based supply chain management technology
- Vice President and General Manager, Univa, Datacenter automation and Cloud Management
- Director, Dell Inc. (US and Asia-Pacific), Consulting Services, Global Solutions
- Managing Director, Plural, one of the largest .net developers in the country (acquired by Dell, 2002)

All that coalesced in 10th Magnitude's commitment to success and Alex's desire to be a partner to his clients. "I believe that cloud is the most profound change we've seen in IT since the Internet. It is letting businesses tackle so many new opportunities that it will unleash a renaissance of business software development and innovation, and 10th Magnitude will lead the way in demonstrating the power of this shift."

When he's not helping his team members or his clients break new ground in tech, Alex plays midnight ice hockey and plenty of Xbox and writes Yelp reviews. He lives in Glencoe, IL with his wife, two kids, one dog, one cat, one fish and one snail.

About 10th Magnitude

10th Magnitude is a cloud software and services firm that exists at the critical crossroads of cutting-edge technology and exceptional user experience. They develop custom software

applications, provide application management and enable Microsoft Azure migration to help businesses of all sizes innovate and compete more effectively.

Decades in tech—both on the solutions side and the data center side—convinced 10th Magnitude founder Alex Brown of three things:

- Cloud levels the playing field for business of all sizes. It allows small business to cost-effectively develop applications that rival their larger competitors; while giving large companies the agility to move quickly in rapidly changing markets.
- Cloud flips the costs to innovate and cost to stand pat; it now costs more (both in opportunity and actual costs) to do nothing new than to quickly build new capabilities in the cloud and learn what works for your business.
- Owning, operating and provisioning hardware is costly, slow, unproductive and unnecessary.

So when it comes to cloud, 10th Magnitude is all in: 100% cloud application development, migration and maintenance, to help companies of all sizes innovate faster and compete better.

The company was founded in 2010 and in less than three years has established itself as one of Microsoft's premier Azure partners; and has been named to Microsoft's exclusive global advisory board for Azure. Headquartered in Chicago with virtual connections anywhere else, 10th Magnitude is privately held.

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

CEOCFO: Mr. Brown, what was the concept when you started the company and where are you today?

Mr. Brown: I started the company three years ago. I had spent my career consulting to large corporate IT in one function or another--most recently providing enterprise datacenter solutions at Dell where I led that overall infrastructure solutions team. My conclusion from having done that for many years was that running datacenters was much too onerous and expensive and it was slowing organizations down, interfering with their ability to focus on improving and enhancing their businesses. I saw that as cloud technology was emerging, it was time to begin helping organizations move away from a very equipment-, data-, and template-intensive model. Moving to the cloud offers more agility to businesses to help them connect with their customers better and help their IT organizations focus on enhancing revenue instead of spending all their time maintaining equipment and hardware.

CEOCFO: What types of companies are you working with today?

Mr. Brown: There is not a common thread right now which is probably part of the interesting story. On the one hand, we are working with organizations from the small end of the business--so SMBs--where we typically help them realize a new product or service line or line of business that they had always envisioned but never thought they had the technical wherewithal to go after. By helping them build and deploy these new systems into the cloud we have helped many SMBs fundamentally enhance the revenue profile of their organizations. And that was our main market for the first couple of years of our business. In the third year of our business, a ton of mid-market and large enterprises started coming to us looking for help with not only the innovation of taking these great ideas and launching them, but also downsizing their hardware and datacenter footprint.

For these larger organizations, we move as much of their existing systems into the cloud as possible so that they can free up internal resources and get them much more aligned around supporting and growing the business--rather than taking care of and maintaining existing systems. Today our business is pretty evenly split across SMB, mid market and large enterprise.

CEOCFO: How do people find 10th Magnitude?

Mr. Brown: People find us through a number of sources but referrals remain a great source for people learning about us. We spend a great amount of time on thought leadership type of activities, so I spend a lot of time speaking in the marketplace at seminars and conferences, as well as publishing articles. We get a ton of inbound inquiry to our website coming in based on thought leadership, and the site is

“There is a huge shift going on in the business world in how computing resources are used and consumed. Because we are providing 100% cloud technology, we are at the forefront of that shift, and you are seeing that now in terms of the growth that we are experiencing in all segments of the market.”- Alex Brown

set up to educate visitors about our services. I also have a robust network of referral organizations--partners that we work with who provide complimentary services. We all regularly help each other identify opportunities within our existing customers who may need our services. The last way that people find out about us is through our relationship with Microsoft; we are one of their largest cloud service providers in the Chicago area—and, right now, in the country--so they will regularly ask us to support their clients to help them begin that journey into the cloud.

CEOCFO: Why do you like Azure?

Mr. Brown: I like Azure for a couple of reasons. Throughout my career I spent a great deal of time working with Microsoft and I understand the organization well. There are a few things that Microsoft has always done well that I believe are critical for success in the cloud. They do a great

job of understanding the needs of business. They understand how to support customers and they understand that they need to provide them with hand-holding and services along the way. I thought about how I was going to build an organization that would help businesses move into the cloud or launch new products in the cloud, which was then a new technology. Microsoft was a natural fit because I know they do such a good job of providing support, and that is a critical for our customers. This is a big change and it is a little scary for some organizations, so anything that can help them get more comfortable with beginning of that process is incredibly valuable. And, maybe more importantly, the technology is fantastic. We spend much of our time developing software, and from a development perspective the Azure platform is a fantastic tool that has helped us deliver much more technology for much less money than

we have ever been able to do in the past. If you look at our SMB clients, we are giving them technology that lets them punch above their weight and compete with the big guys. Five or seven years ago the same technology would have cost them millions

of dollars and been out of reach, but now they can access it inexpensively. A large part of that is because of the capabilities of Microsoft's Azure platform.

CEOCFO: You mentioned the Chicago geographic range. Do you see expansion?

Mr. Brown: I do, and we are already supporting a national and international footprint of clients. We have customers on the East coast, West coast and overseas as well as in the Midwest. Our model is broadly applicable to many organizations. We will begin geographic physical expansion at some point in the future because a cornerstone of what we do is that it is frankly a very high-touch model. We work collaboratively with our customers. The systems that we are building for them are incredibly strategic, so it is very important that we are working closely on a daily basis with them to bring their vision into reality, and we

are set up to work completely virtually, but we strive to do a fair amount of time face-to-face. That type of model requires that we begin expanding our footprint geographically to make it easier for our consultants to serve our clients in other locations.

CEOCFO: What do you look for in your employees over and above technical skills; how do you know when someone is the right fit?

Mr. Brown: Great question. You may have been hearing about some of the challenges of hiring within the technology world these days. It is not sufficient for us to simply have great technologists. That is a critical piece of what we do but it does not guarantee success. In addition to technical skills we look for a level of communication skills. We ask people in our interview process to undertake a series of conference room exercises to see how they are going to interact with customers by modeling the questions clients are going to ask. We look for a level of inquisitiveness and excitement around the possibilities of the technology and an interest in exploring the barriers that appear. We want that thought process to come out in actual conversations with our customers, because it is critical that we understand a customer's business objective so that we are bringing some additional value to help them achieve their goals more effectively. Therefore the consultative capability is essential in the people we hire.

CEOCFO: Are there services or tweaks to your services that you would like to add?

Mr. Brown: There are, and I was just discussing this with the team yesterday. Cloud technology continues to evolve and as that technology is evolving it is opening up some interesting new opportunities. Our clients are starting to ask us to provide some additional levels of support and capability. Today we have a number of service lines: we provide custom cloud applications to organizations that generate a new product, line of business or maybe a new way for them to connect with customers. In addition to providing that

development capability we then provide ongoing support and maintenance, so essentially we become a custom outsourced provider to them; we make sure that the system is running and maintained properly and continues to grow and be enhanced. Our other major line of business is geared for larger organizations and offers migration of existing applications out of a datacenter and into the cloud. As our migration business has grown, a new line of business has cropped up that we will begin providing shortly. In addition to moving and operating their applications in the cloud, our clients now want us to begin operating their existing stuff for them on an outsourced basis. This is a new capability we will be launching within the next several months, and it will allow us to provide much more of a 360 degree outsource capability. We are getting this request often enough that it is clearly in need. We launched our mobile development practice last year as we saw mobile applications and cloud applications increasingly converging. That will be complimented this year with a new service line focused on big data capabilities. We are seeing more marketing organizations reach out to us for support and many of their needs revolve around data analytics in one form or another. I think increasingly people understand that the cloud is where it's all happening.

CEOCFO: What surprised you most as the company has developed?

Mr. Brown: When the company was launched three years ago, my initial vision was that large organizations would be embracing the cloud as a cost saving device and we would have a huge business migrating their existing applications into the cloud. After pursuing that strategy for a few months it became clear that they were not ready, that market was not there yet, there was too much skepticism and fear of change and the technology was frankly was not where these organizations wanted it to be. We learned that the real value of the cloud was not so much in the cost saving but in the business agility--what it allowed organizations to do. That evolved into

a huge practice around SMBs to build and launch these completely new products and franchises for them. That custom piece of the business became the critical element; but it led back around to the outsourced service piece of the business I had originally envisioned and that was an interesting evolution.

The second big learning was around how you need to manage the growth of an organization like this. The challenges of rapid growth in a services business like this are probably quite different than the outside world perceives, and it can be very hard to manage. We have been spending a great deal of time focusing on talent acquisition, process and operational excellence and development so that we can continue to inject scalability into the business in a way that is efficient. You have to carefully balance the cash consumption requirements with the growth rate, and I think that was not something I appreciated fully going into this process with a company that is 100% bootstrapped.

CEOCFO: Why should the business and investment community pay attention to 10th Magnitude?

Mr. Brown: There is a huge shift going on in the business world in how computing resources are used and consumed. Because we are providing 100% cloud technology, we are at the forefront of that shift, and you are seeing that now in terms of the growth that we are experiencing in all segments of the market. Organizations are increasingly going to be moving away from some of the older, outsourced technology models to a much more custom, unique and specific and, frankly, smaller scale version. These companies are looking for real expertise in helping to grow their businesses. What that translates into for us is an increasingly large and dependable portfolio of long-term customer relationships and support, maintenance and operating contracts that translate into dependable recurring revenue and cash flow.



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