

## Value-Added Information Technology Solutions and Services Provider



**Jim Koch**  
President

**CEOCFO: *Mr. Koch, would you tell us the idea behind ETS?***

**Mr. Koch:** We are a provider of computer products, services and solutions and that includes client devices, desktops, laptops, tablets, servers, storage, networking, printers and managed print solutions. We also do managed services, cloud solutions, mobility, and Big Data.

**CEOCFO: *How does all this work well for you?***

**Mr. Koch:** We are in a tertiary market, with headquarters in Cedar Rapids, Iowa. In our markets, you do not necessarily have the critical mass in one particular vertical that you might in some of the larger cities to be able to focus on one thing exclusively. We have been in business for 54 years and we have found that we will pretty much do business with anybody that has a budget and that fits our "ideal client profile". That spans a number of verticals and focus areas in our market.

**CEOCFO: *What type companies do you work with?***

**Mr. Koch:** Our largest areas from a vertical standpoint are the healthcare space, public sector, manufacturing, financial and retail.

**CEOCFO: *When you are engaging with a client how do you assess what is best for them if you are not carrying the equipment that might seem best particularly in the managed services area?***

**Mr. Koch:** As it relates to product, we work with the three major distributors. They have over 900 thousand skus available, which we have access to. Most of the solutions that a customer might have a need for we can address with the products and services that we have access to and provide. In those situations where do not have a good solution ourselves, we may hook the customer up with a 3<sup>rd</sup> party partner of ours that we feel can provide the best overall solution for them. We believe that our best option is to do right by the customer. We are most interested in developing a long-term relationship, rather than a short term sale.

**CEOCFO: *How do you keep on top of what is new in technology?***

**Mr. Koch:** We stay connected... and there are many ways to do that. Obviously, we read the trade rags, check out online media sources, attend online webinars, attend on site events, etc. We have good relationships with our distributors and manufacturers and we attend many of their trade show events. Varnex, for example, is a peer-to-peer group that is part of Synnex distribution organization and we are very active in that group which allows us to engage with other resellers around the country that are also members. Industry peer groups like Varnex are a great way to keep up on what's new in the technology industry. So, the overall combination of things we do is what helps us keep up with what is going on, determine where the opportunities are, and determine what is perhaps fading or falling by the wayside.

**CEOCFO: *Are there many companies in your area that provide services similar to ETS?***

**Mr. Koch:** We have competitors on a local, regional and nationwide basis. It kind of depends on which focus area we are talking about as well as which ones are the strongest competitors. There are certainly competitors up and down food chain from local all the way to national.

**CEOCFO: *Are people coming to you because they want that local presence or is it because you provide the best value and service?***

**Mr. Koch:** I would say it is both. One of the ways that we like to position ourselves with customers is that we believe we are "big enough to matter and small enough to care". We are big enough to matter because in addition to having ETS badged resources, we also have strong partnerships with distribution and manufacturing resources as well. If we need

subject matter experts that we do not currently have in-house, we have multiple partnerships that we can tap into to bring in the necessary resources to help with the initiative. In this scenario, we would continue to own the relationship with the customer, we would do the invoicing, and we would have 100% accountability for the success of the project. It is seamless for the customer and it allows us to bring in the best experts available and maintain continuity throughout the project. I think that is where we are “big enough to matter”. We are also “small enough to care” in part because we are local. We are in the same communities as our customers and we have in-house resources that we can dispatch to their location in a very short period of time. We have been in our community as a business for 54 years now and I believe our customers appreciate our local presence and stability.

**CEOCFO: Do people care as much as they might have in the past about your long history or is it about what you can do for them today?**

**Mr. Koch:** If I had to pick one, I would say it is what we can do for them today. We have been in business for 54 years but most of our customers probably did not know us going back twenty, thirty or forty years ago. Most people are interested in doing a good job themselves and advancing their cause so they want to work with somebody that is going to make them look good. Our job is to make our customers look good in front of their bosses and to help their organizations produce better business outcomes.

**“We listen to the customer. We focus on crafting a solution that best meets our customer’s needs, not ours. Our solutions are designed to produce the best possible business outcomes for our customers - that is what we strive for every day.” - Jim Koch**

**CEOCFO: Would you tell us about the managed services, both on the print side and on the computer side?**

**Mr. Koch:** We started with the managed print business probably seven or eight years ago. What we found prior to that was that many customers were wrestling with their print devices and multi-functioning devices. It was really an opportunity for most organizations to consolidate devices, operate more efficiently, reduce waste, and save money. We got into the managed print business and talked to customers about their print environments. We talked about their printers, copiers, scanners and fax machines and introduced the concept of going with the multi-function devices that are centrally located as a way of consolidating and saving money. We talked to them about how they could rid themselves of a number of old inefficient devices that are sucking up a lot of energy. Customers were finding that consolidating these devices into fewer, more productive and more efficient devices was more cost effective. Most people do not want to deal with print environments anyway so they are all too happy to allow us to manage that environment for them. That has been a profitable area for us over the years and continues to grow. Managed network is the other main managed services offering and we have been doing that for the last five years or so. Managed Network services allows us to proactively and remotely monitor our customers’ network environment and as well as remotely apply fixes and updates.

**CEOCFO: How do you help your customers across the board with security?**

**Mr. Koch:** There are various ways to address security for customers. Some are more sensitive to it than others; compliancy issues, healthcare and HIPAA, legal and so forth. For us, it starts with an assessment. We sit down and talk to the customer, ask questions, understand their current situation and environment, and then talk about conducting an assessment to determine where they are with security today and where the gaps are and what is going to be the best solution to address those gaps. It is an important and sensitive topic with antivirus, malware, phishing attacks, identity theft, etc. It is a true cat and mouse game. Nobody is ever 100% secure. There is always room for improvement. It is a balancing act between costs involved and your risk tolerance.

**CEOCFO: Is it still a challenge in your marketplace for people to recognize ETS?**

**Mr. Koch:** I think so. We’ve been around for a long time, but we do a lot of different things. Some customers think of us as a PC company, others think of us as a print company, others think of us as a repair shop. Part of the reason why we went through the rebranding effort last fall was to get our name out there to a larger audience and also be able to better explain who we are and what we have to offer. We wanted to convey a more progressive image with our new company name, company logo, our new brand voice, and our new website upgrade- which we are currently working on. Changing the company name (DBA) was a big deal for us. When we went through this process, we learned that the customers that are already buying from us would probably continue to buy from us even after we change our name – assuming we are doing a good job. The rebranding process is really geared more towards those that do not know us... what is their first impression of us? We would have people ask us what ERB stood for (it was actually the founder’s last name), others would ask who Herb is, and so forth. That is why we decided to go with ETS which is an acronym for Erb’s Technology Solutions. We want more people to recognize who ETS is and we believe with our rebranding efforts and our plans to scale more regionally in the future, we’ll be able to achieve that.

**CEOCFO: *With items like printers becoming throwaway items, how do get companies to understand that it still makes sense to work with ETS as opposed to just going to the store and getting a new machine?***

**Mr. Koch:** As far as the equipment itself, there is a difference between retail models of a laptop for example and commercial models. Commercial models are built for business use whereas retail models are built for home usage. As an example, with home use you get a ton of pop-up junk that you do not get in the commercial space. In the commercial space you can also get the same model for a year or longer whereas when you go to a Best Buy type outlet you are getting the flavor of the month model. With these models, you are getting different parts and pieces that go into the devices depending on what part and piece happens to be the lowest price at any given point in time. When a customer buys from ETS, they are getting commercial models that do not have any of these issues. Another reason it makes sense to buy from ETS (as opposed to a retail store) is that we provide the full “cradle to grave” set of services. This includes consulting assistance, architecting a well thought out solution, configuration assistance, purchasing at the lowest price for which the customer qualifies (there are lots of volume purchase programs that can help lower their costs), installation, integration, on-going support and disposal at the end of it’s useful life. For these and many other reasons, I think it makes a lot more sense for our customers to buy from us rather than going to a retail outlet.

**CEOCFO: *How do you work with companies on disposal and getting people to understand the information is still in there no matter what they do?***

**Mr. Koch:** The information is not only on laptops but on printers as well. Many printers have hard-drives now and people do not always think about that. It’s important to make sure you are doing, at a minimum, a three swipe cleaning of the hard-drive on any laptops, tablets, printers, multi function devices, etc. you are disposing of. That is information you want to make sure has been wiped clean before it is repurposed or disposed of. We work with customers to get that done. We have a local partner that does a great job in this area. They have a state-of-the-art facility that will either destroy the devices or wipe the hard-drive clean and prepare them for re-purposing. If there is any street value left in those devices, we provide that back to the customer as well. We have a good option for our customers when it comes to disposal services.

**CEOCFO: *Are you surprised that so many people do not seem to understand that situation?***

**Mr. Koch:** It is one of those things, which did not used to be much of a concern but certainly it is now. It is a learning process. Some people need to skin their knees a couple of times before they fully appreciate the risk. It only takes one time for data to get out there when something is disposed of (but never wiped clean) for people to understand. More people understand that today.

**CEOCFO: *What might be different a year from now for ETS?***

**Mr. Koch:** One of our primary goals is to grow our monthly recurring revenue business. We want to gain more managed network contracts, more managed print contracts, and more BDR contracts (Backup & Disaster Recovery). We want to get more cloud solutions and more mobility contracts on a monthly recurring basis as well. We will be keeping an eye on Big Data and the Internet of Things as well. As mentioned before, we will also have completed our rebranding, our website upgrade, and we will have begun our infrastructure upgrade as well. Lots of positive changes coming over the next year.

**CEOCFO: *Why choose ETS?***

**Mr. Koch:** Because we listen to the customer. We focus on crafting a solution that best meets our customer’s needs, not ours. Our solutions are designed to produce the best possible business outcomes for our customers - that is what we strive for every day. We are also “big enough to matter and small enough to care”. We have the depth and breadth of services and resources that customers need. We have a tremendous ecosystem of resources that we can tap into to put together a comprehensive, quality solution in just about every area that a customer might have a need.

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

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# ETS

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