

## BUSINESS



Jeff Connally is chief executive of Austin-based CM IT Solutions Inc., which sells and supports technology-services franchises. The idea behind CM IT is to combine the resources of a large service provider with the face-to-face advice from a mom-and-pop business, he said.

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## TECHNOLOGY

# CM IT taps vast resources to help small businesses thrive

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The smallest of small businesses don't have a lot of options when it comes to technology support and advice.

They could go with a big hardware vendor or a regional technology services company, ponying up for the vast resources and advanced products but getting little hands-on help. They could swing by the mom-and-pop shop down the street, where they'll find that a friendly face awaits but rarely as much in terms of resources and support.

And then there's what Jeff Connally calls "the geeks in cute cars," the tech-support crews from the big electronics retailers.

"They drive a PT Cruiser," he said. "Our guys are driving Beemers."

Connally and his crew of 100 franchise owners nationwide are pushing another option. Rather than focus solely on the PT Cruiser-style, break-fix tech support, they're hoping to provide BMW-style advice on how technology can help build up some of the smallest businesses. The vision is to combine the resources of a large service provider with the face-to-face advice from a local shop.

Connally and his colleagues all own a piece of CM IT Solutions Inc., a growing Austin-based company that sells and supports technology-services franchises. By pooling the resources of those franchises and their 750 full- and part-

time employees, said Connally, the company's chief executive, CM IT can offer more advanced services and tap into the expertise at huge partners, including Dell Inc. and many others.

Few small shops can match those resources. Yet by having a local franchise owner on the ground, CM IT also can provide the hands-on tailored advice to small businesses.

"The person who benefits or loses from how well or how poorly they support a customer is that person who's closest to the customer," Connally said. "We're a technology company, but we happen to believe in the franchise model because it places entrepreneurs right next to the customer, and they're invested in the customer's success."

The approach itself isn't novel. Gartner Inc. said more than 10,000 technology service providers exist in the U.S., and that number is almost certainly vastly understated, said Ron Silliman, a principal analyst at the research firm.

Many companies have strung together large networks of partners that can pool resources and provide services for small and medium businesses, Silliman said.

But few of those partnerships stretch down to support the smallest shops, especially those with fewer than 100 employees.

"Focusing on the very small space is really what's unique about" companies like CM IT, he said. "If you take a look at a company where you're talking maybe five seats, that's a situation where the owner is responsible" for keeping the technology up and running.

The focus on the smallest businesses comes from CM IT's roots in residential technology services.

The company was founded in 1994 as Computer Moms, a collection of franchises providing tech support for homeowners. Some of those contracts remain, but by 2004 it has become clear that the company's services were better suited for small-business owners.

As the Computer Moms left the home for the office, the company took the name CM IT Solutions. Although it's keeping its focus on very small companies — it targets firms with between five and 99 employees, Connally said — it's adding more advanced services such as remote maintenance and proactive trouble-shooting to its traditional break-fix service.

"We are taking what enterprises take for granted as services and support and making it available, very cost-effectively, for small business," he said.

So far, the approach is paying off. Connally said revenue increased 60 percent in 2007, and that excludes results from franchises that opened during the year. He declined to give specific numbers because CM IT is a private company, but he said an opt-in e-mail list includes 60,000 current and prospective customers.

The near-term target is 200 franchises. That would put a CM IT franchise within 50 miles of 90 percent of its potential customer base, he said. Beyond that, the company hopes to have 500 franchises by 2010 or 2011, Connally said. It added five in April, one in May and appears set to add another four or five this month, he said.

The key to that expansion is finding franchise owners who are familiar with technology, he said, but are also comfortable helping small-business owners use technology to grow their companies — to "be their CIO without them paying for a CIO."

Typically, those folks tend to be like Karl Logue, escapees from corporate America. Logue worked 16 years for Dell as a computer programmer but saw the writing on the wall as Dell's sales slowed and the company prepared to make cuts.

"I liked that this business was familiar territory," he said. "I'd be able to go up to my customers and say intelligent things to them, rather than having to start from the ground up."

He bought part of an existing franchise in February and now patrols an 800-square-mile patch of the Northwest Austin area. He has 98 workstations under contract now, a good distance from the largest CM IT franchises, but he eventually hopes to open a couple of retail locations to help him cover the territory.

Logue still has some of the legacy residential contracts left over from the Computer Moms days, but he has spent most of his time marketing his services to small businesses in the area. The sweet spot, he said, is a company with 10 to 50 employees.

"The likelihood of any company with 150 or 200 employees wanting to do business with me independently is probably not very high, because we're very different" from them, he said.

"But the likelihood of somebody in the small-business space being interested is (higher). They know that I'm going through the same issues that they are (going through) or have been through. I come at it with some empathy."

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