



Spotlight on Success

March 2016

MJ Shoer



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Surprise! I Sold My MSP Business

Last year, privately held Internet & Telephone, LLC announced its acquisition of the Jenaly Technology Group. Among the first of a flurry of merger and acquisition activities as 2015 ended, the December 1 deal was somewhat of a surprise to many who know MJ Shoer, the founder of Jenaly and current Chairman of the CompTIA Board of Directors.

“Wow. When and how’d that come about?” asked many in the IT channel. CompTIA sat down with Shoer to get the inside scoop on the seemingly surprising sale of Jenaly and discuss the firm’s well-documented business transition process and best practices for success. Here is this month’s Spotlight on Success:

CompTIA: Congratulations! How did the sale of Jenaly come about?

MJS: It happened remarkably quickly. I believe our first discussion was in mid- or late-September and we closed in mid-November, with a December effective date. The story began 23 or 24 years ago, before Jenaly or Internet and Telephone even existed. I did some work in the early 1990s with Pete and Paul (who later founded Internet and Telephone) when I was an employee at another company. They were providing services to us and over the ensuing 20+ years we crossed paths multiple times.

After they founded Internet and Telephone, and I started Jenaly, we ended up providing them with IT support. We were working leads together and I was also helping them get their business up and running. About 8 or 10 years ago, they wanted to get into the IT space and, once again, I helped. I remember us all sitting in my office reviewing our Connectwise and Kaseya setups and talking through a number of different things that were working well at Jenaly.

Pete and Paul continued to build their business, and I did the same with Jenaly. We always maintained a friendly, gentleman’s agreement to avoid prospecting on top of each other and we kept in touch (at least once a year). Then last spring, without either one of us realizing it initially, we wound up at the same office pitching for the same opportunity and I bumped into Pete after our presentation.

We ended up brainstorming about how we might collaborate on the deal, but the prospect lost their funding, so nothing came of it. In September we got together for lunch and Pete asked me to become CTO of Internet and Telephone, with them buying and merging Jenaly into their operations—it was that informal of a process.

I didn’t give him an answer but we signed an NDA, and after going back to my office and noodling on it for couple days, I realized there was no reason not to continue the conversation. The sale of Jenaly was not actually on my radar. It came about very much through the normal course of the relationship we’ve maintained for 20+ years.



CompTIA: Was an acquisition always part of your long-term plan?

MJS: It wasn't part of a plan I was prepared to invest time and energy in just yet. In the back of my mind, I knew at some point an exit would either involve selling the company or having a staff member buy me out, but I really had done no planning or exploration yet.

CompTIA: Why did you eventually say yes?

MJS: As someone about to turn 51 this year, I needed to think about what was best for the company, for our staff, and for our clients over the long haul. In order for Jenaly to get to the next level, we needed to make changes and doing it on our own was going to be quite difficult—it became quite clear that being acquired was going to be a really good thing for everybody.

One of my staff said it best. He said “you know MJ, you’ve been saying for years that this is where we need to go and this is what we get in place and this is how we’re going to get there and what I need each of you to be doing...and so on. After the merger, it feels like we just warped five years into the future.” Overnight we accomplished a lot of the things we were struggling with over the past couple of years, in terms of bandwidth and efficiency.

CompTIA: How did the businesses compare before the merger?

MJS: Size wise, we were very different. Internet and Telephone had 37 employees and the Jenaly staff included 10.5 to 11 (a couple were part-timers). In terms of structure, the companies were inverse images of each other. Jenaly had more senior technical staff and less level-one help desk resources. Internet and Telephone had more level one and less senior level techs, so the acquisition was attractive to them in terms of acquiring the skill our team had. We fit together really nicely, expanding the senior level capabilities of the combined organization.

Each company had an office in Portsmouth (NH), with Internet and Telephone's headquarters in Methuen, Massachusetts (just 30 minutes south). Acquiring Jenaly gave them a much stronger foothold in this area of NH, something they wanted. From all those perspectives, it was very good for both businesses. It also positions Internet and Telephone as one of the biggest, full A-to-Z MSPs in New England between Boston and Portland Maine, which is geographically quite attractive.

CompTIA: How will the acquisition affect Jenaly's customers?

MJS: The depth of our product offering and technical expertise expands considerably. Jenaly had approximately 50 managed services clients, and the combined companies have 600 customers. We now manage 6500 end points and approximately 10000 phones, with a cabling unit that drops about a million feet of cable each year. The breadth of our capabilities becomes significant.

Jenaly clients now have access to a helpdesk staffed by 24 employees, compared to 2 prior to the acquisition, with extended hours. The breadth of technical resources, in terms of certifications and expertise in different areas, is huge. We'll be that true single throat to choke we all like to talk about in our industry, and will truly be able to give them a good, consistent experience across everything that touches their IT infrastructure.



CompTIA: How will the merger affect your staff?

MJS: The deal provides them some great growth opportunities. Over the past few years, Jenaly was struggling to provide clear career paths for our employees. Three have been with us for 10 years and they deserve to have more growth opportunities. Becoming part of a larger organization with those career paths and processes flushed out is a real advantage. That's not to say they didn't have some initial trepidation and concern, but we were able to work through their anxiety pretty quickly.

Everyone has a job after the merger, which was a really important part of my decision. We'll consolidate in Internet and Telephone's Portsmouth office, which makes sense since there's plenty of room and it's also the colocation center.

CompTIA: What is your projected transition period?

MJS: It will likely take six-nine months to integrate both businesses, though a lot of things already feel very natural. We have a phased plan, with the first three months focused on combining the back end systems and making sure processes are flowing efficiently. Anything client facing won't happen without clear communication to those customers affected by the change.

We implemented a transitional branding for the first six months to simplify things for our managed services clients; Jenaly powered by Internet and Telephone. In approximately six months we'll revert to Internet and Telephone for all customers. We also promised our Jenaly clients that their prices won't go up, but we will integrate and align managed services agreements across the board.

CompTIA: What advice would you give to others considering selling their MSP business?

MJS: You just never know what your contacts and relationships could turn into. It's that age-old axiom, don't burn a bridge. Even though we were technically competitors all these years, we had respect for each other and, in the end, our association bore fruit.

It's important to cultivate relationships to not only help you grow the business, but to help others meet their objectives. Many times, good things like this will come from it.

Another recommendation is to keep an open mind. I could never have done this five years ago. I was still too independent and likely wouldn't have given up the reigns. When this opportunity came along, I saw it as a way to get past the things that were holding our company back and, as a bonus, it put my staff in a better long-term situation. My own career path opportunities, with the acquisition, couldn't be more positive. I have four other guys to lean on and collaborate with. Best of all, we all get to do what we enjoy most and are truly good at.

Where's Shoer now?

MJ Shoer is the CTO of Internet & Telephone's newly expanded management team. The company is experiencing explosive growth and views 2016 as a banner year.