



RT: We are here in Amsterdam for Kaseya Connect Europe 2018. Kaseya are one of, if not *the* biggest, and most established players in the MSP space. I think it would probably be fair to say that before you came on board as CEO, they had lost their way a little bit in the MSP space, but not so much now. You've come back roaring back with things.

I was speaking to one of your clients outside earlier - an MSP - and they were saying, 'Kaseya make it easy for us to do business with them'. What has changed in the past few years since you've become CEO?

FV: I was fortunate to join Kaseya about three and a half years ago. A little history on Kaseya: a guy named Gerald Blackie, was the founder and the brains behind the idea of Kaseya, and they had some really interesting technology 14 years ago. And like any good start-up, they were trying to find a market and consistent buyers.

At that time, there were a lot of dynamics changing in the IT infrastructure world, primarily the internet. A lot of organisations, VARs (value added reseller) and resellers found their margins getting crushed.

They were reselling Dell, Cisco, HP and Microsoft, and because of people buying direct from the vendors and the changing of the channel, their margins shrank massively. In order to stay alive, they had to reinvent themselves.

At the time, Gerald has Kaseya with the first remote monitoring and management technology - 15 years ago this kind of technology wasn't well known, it was a brand-new category. Gerald and the company recognised that a lot of these Microsoft-centric VARs had to find other ways of existing and other ways of providing value. As the operating system and the hardware got a little bit more complex, it required a lot more support and downtime was happening.

The complexity of the power of some of the applications just started to overwhelm some of the small businesses. A lot of these small businesses were calling up their IT people and saying, 'Hey, we have a problem,' and a lot of people would go and charge then \$100 or €100 or £100 an hour to go and address the issues.

The challenge or the opportunity was that a lot of the issues that kept happening were the same issues over and over. Gerald looked at the technology with the intention of convincing what are now called managed service providers and say to them:

"Look, if you use the automation that exists in our technology, you can remotely monitor and manage systems and proactively address 90 to 95% of the issues and charge a monthly fee for it. You won't have to send a technician every time'.

That kind of birthed the what we think of as the MSP industry. Fast forward 10 years after that, Gerald sold his business to Insight Venture Partners, who are one of the leading private equity firms that focuses on IT infrastructure and MSP-facing IT infrastructure software companies. A number of them have been successful, from LogicNow to Veen, to Acronis to SolarWinds.

When Insight bought the company, the new executive team that took over, tried to expand the focus of the company and focus more on large enterprise companies. They said: "Kaseya owns the MSP space, we're the number one provider, we have upwards of 10,000 managed service providers, let's take our market and expand it into the large enterprise".

Quite frankly, it was a bad decision and we lost our way. We took for granted our MSP customer base. When I came on board, I knew that managed service providers are mostly small business owners. When you're a small business owner, it's your business and every dollar, every euro, every penny matters.

Every decision is personal, because every decision impacts that business owner's ability to feed his or her family. By not focusing on that market, it's the same as dismissing the market. Kaseya made a couple of people unhappy that way.

When I came on board, I recognised that was the place where Kaseya had been and that's where they're good. We re-shifted back 100% into figuring out how to help MSPs (managed service providers) make money and grow their business. That's everything that we do and that's all we think about 24/7.

RT: I want to touch on something you mentioned there a little bit later on. I've heard great compliments about you being a fantastic networker, staying in touch with people and making business personal.

We'll come back to that a little bit, but I want to talk more about Kaseya for the moment and the number of acquisitions you've made. In 2013 there was what is now known as Traverse and in 2016 Vorex, the PSA (professional services automation) tool.

You've recently acquired RapidFire Tools - a great acquisition, brilliant company, good people there. Spanning Backup and Unitrends as well, so there's a lot in there. I guess when companies make so many acquisitions, a fear and MSP might have is: "You integrate with everybody, but maybe some of the integrations are not going to be as integral as others".

Something you said on stage really caught my ear - you said: "Of all of your other vendors, we want you to compare them to us." I really like that phrase. How are you going about, first of all, integrating all these acquisitions you've made, and secondly, making it easy for outside companies to still integrate with you?

FV: First, on the integration side: When Kaseya buys a company, we typically don't announce that acquisition for several months, if not upwards of eight or nine months. The reason for that is there's nothing worse than a vendor who buys a company, pounds their chest and says all these great things about it.

Then their customers are like, 'Great, when can we use it?' 'Nine months when it's integrated.' That sucks! It's bullshit, right? It doesn't work. Our policy is we buy companies and two things always happen.

One, we *will not* announce that acquisition until the products are working together and they're integrated so customers can get the benefit from day one. We don't want to mislead people into hanging on. That's just the wrong way of doing business, especially with small business owners.

The second thing, when we buy a company, we absolutely do not bury it - I'll describe what I mean by the term 'bury it' I was lucky enough to start and be a part of a couple of software companies that grew pretty large. We sold one to BMC and one to CA, one to FGI, a big financial services technology provider.

In every case, the acquiring company bought my company or the company that I was with, and within six to nine months the company was dead. The product was there but the brand, the innovation and the people were dead.

And what was in each case, a market leadership position was not a market leader position anymore. And that's because the companies were more concerned about integrating the business for the sake of integrating it than what the customers would want.

We have a very different strategy when we buy someone. Take Spanning, for instance, who are based in Austin, Texas. So, we buy Spanning, we will integrate them into the Kaseya

products and integrate Kaseya into the Spanning products, but we will not rebrand Spanning.

We are not inserting a layer of management over Spanning. Chad Savoy, the CEO of Spanning will remain in that role and his team works for him. It's important to keep that entrepreneurial spirit there.

That group in Austin, they are the best at SaaS (Software as a Service) backup. They know more about Office 365 backup, and they forgot more about it than you will ever know. That's what they do, and their whole company's focused on it. Why would we mess with that? Let's leave them.

Of course, we'll leverage some back-office integrations to make HR and finance easier, but we insert a lot of capital and we keep them independent. That ensures for us and for our customers, that they remain very innovative in their space.

I think that leads to the second question, and that is how do we as Kaseya make sure that we are truly open, and if one of our customers is using a product from another vendor, say ConnectWise or Autotask, we're not screwing them over.

It doesn't require us to change our business processes, because that's the same way that we make sure we integrate with the companies that we bought. If you take Spanning or RapidFire Tools, they're owned by Kaseya and we're very close with them, but we're not overlaying levels of management.

I'm not part of the 'Kaseya' development team for example. When we engage with Autotask, for example, integrating their PSA with our RMM (remote monitoring and management) and their RMM with our PSA, it's a natural process. The other part we've talked about today is, if we don't do that, believe me, our customers will not be happy and they will let us know. Our customers are not shy when things don't go well.

RT: You said onstage that Kaseya is and will remain an open platform. You also said, which I thought was really open and honest of you, was: "As much as it pains us to admit to MSPs need competitors."

I really liked that state of play there. let's talk about one of the integrations of very close partners you've got, IT Glue. I think that's a great example, isn't it? It's not just an integration, you've got that built in to the platform. Tell me more about how that came about.

FV: IT Glue are one of the fastest-growing, and they've taken the MSP world by storm. Everyone knows IT Glue. Chris Day, their CEO, was an MSP owner, just like Mike Mattel, who was the founder of RapidFire Tools.

One of the things that's super cool in the MSP space is a lot of the really innovative, cutting-edge companies are founded by ex-MSPs who use this technology to help their MSP do something and they turn into a product.

Chris was a case study on that, and I came across him about two years ago. They bought a booth at our Kaseya Connect conference, and I looked at what they did and thought: "That's pretty cool stuff."

His team was just religious about how important automated documentation is and how it's going to change everything. We started using the product internally our internal IT staff started using it and they were just saying, 'This is fantastic'.

They had some ideas about building integrations and so we sat down with Chris and Luis who's his Head of Product and is another great guy. We looked at saying, 'How valuable would it be if not just the integration, but if we could take the IT Glue product and literally make it a part of our RMM and in the different components of the RMM?'

One of them is in the remote-control pieces, we call it Live Connect. If you're a Kaseya user and you remote control into a machine, IT Glue is there inside of our application in real time, real-syncing the information via Directionally.

It's right at your fingertips. You don't have to leave Kaseya's product and then go into IT Glue, it's all right there, and it's so valuable. I think that the automated documentation is going to be the standard of how every MSP shares information about their different customer bases.

I think every vendor needs to look to do similar things, like what we're doing with them, because it's the customers are demanding it. I've seen customers have more loyalty to IT Glue than their PSAs, which is interesting.

RT: I was just speaking to an MSP outside and he was saying, 'I live in IT Glue.' Interestingly I was speaking to a PSA and they were just getting the demo of the integration. I'm a geek about the technology and the background, a technician first and foremost, and most MSPs are driven by business owners who are the same, but just seeing the reaction on that person's face – he thought it was very cool. We can still get excited about that stuff!

I'm going to change tack a little bit. BDR (back-up disaster recovery) is big part of Kaseya's business and it's second only to security and growth for the MSP space. You've now got a full suite of BDR solutions, appliance-based. Where do you see the opportunity for MSPs in that BDR and the backup space as a whole?

FV: Huge. Most industries around the world are digitising and they're all about data one way or the other. As that comes into the small to midsize business, which are the customers of our customers, it's no different there.

If you think about backup and disaster recovery, let's break it up into the two categories. There's security ramifications with it. If you get hit by ransomware, what do you do? If you don't have a good backup solution or a good recovery solution, you're kind of hosed.

There's compliance ramifications for it, obviously business continuity ramifications which are pretty generic. If I'm an MSP and I'm talking to a customer, and we have some information that says 'data is the second most important asset that a small to midsize business has after their people.'

Think about how much money companies pay for health insurance, or they pay for training of their employees. You have to protect data and invest in it. When it comes to investing in

data, a lot of people think on the front end: make sure that the data quality initiatives are good and that sort of thing, but invest in the quality of your data on the back end.

Make sure that it's there, make sure it's replicated and that you have easy access to it. Make sure you can parse it for security and compliance requirements. These are concepts that 10 years ago the Fortune 500 understood and small businesses were, 'What are you talking about?'

Now, they all understand it, so a lot of MSPs, the ones who are successful with it, are starting to get out of saying, 'OK, we'll manage your computers' and they're starting to say, "We'll help you manage your business".

Data is a key part of that business. When we look at the general landscape of technology for it, certain data resides in SaaS applications. Email is a great example, or Office365. Certain data resides on a workstation, certain information resides on a workstation and some resides on servers. All of this needs to be backed up and easy to assess in a recovery situation, and easily parsable in the compliance situation.

Our strategy is to enable an MSP to make money on it. And this is where MSPs should be making a lot of money, because it's like insurance. Hopefully you never have to use it, but if you do, it better be there. And same with MSP – it has to be there.

For an MSP, there's really two ways they make money. One is by selling services and generating revenue and the second is by delivering those services at a cost-effective way. When it comes to delivering backup and disaster recovery, it can become expensive. The kit is not cheap, the software, the hardware, whatever means you're using, it's not always cheap.

Sometimes it can be very labour-intensive for a service that hopefully never gets called upon to be used. Our approach is to integrate the BDR kit, the BDR software, or whatever the technology is that we're offering, into the tool, into the product that the MSP technician uses all day long, their RMM.

We make it as seamless as we can so that the technicians don't need to learn multiple tools, they don't need to train on multiple products, they don't have to exit multiple products that do basic workflows, and we charge about 20 to 25% less for our kit than the other providers do. We can do that because we're not just providing backup and disaster recovery. We're not just providing RMM, we're not just providing compliance, we're providing an integrated stack.

To be very commercial, we don't need to make all of our money in one product. We don't need to recover our cost of sale all in one product. So it allows us to be more cost effective for our MSPs, which is everything, because the cost of goods sold and labour is like all of the costs and MSP deals with.

We think that we can be much cheaper than the cost of goods sold, the cost of our products and we make their labour more efficient. That's how I think that BDR can become a huge money-maker for MSPs and how we try to structure ourselves to be able to deliver that.

RT: If you're an MSP and you're not doing BDR, you're missing a massive opportunity. Getting back to something I mentioned earlier on, a compliment I've heard more than one person give about you personally is that you're great at staying in touch with people.

I'm in the middle of writing a new book about business networking for geeks. Any relationship tips for us, because you seem to do an incredibly good job as CEO, somebody who's very busy running around all day, you stay in touch with people.

FV: I appreciate you saying that. I don't know if my mother would agree! It's funny you say it, because I never really thought about it. It's not something that you think about it, it's just being a man, living up to your word.

If you say you're going to do something, you do it. If you're working with someone and they're having issues and you care about them, you want to make sure that things are going well. I've generally never really thought about following up, it's just what you do. MSPS are small business owners. I've started multiple companies and I run a company, we're not a small business, but we're not IBM or Microsoft – we have 1,000 employees. I still know everyone at the company.

Dealing with small business owners is awesome, because they care so much about their business. If their business doesn't work, their kids don't get to go to university or their wife doesn't get to go on vacation. Whatever it is that they're looking to do, they can't do it, so people tend to truly care.

The IT industry, when it started or as it's evolved, the majority of the majority of the investing, up to the last five or six years ago, was in the enterprise. The HSBCs or whoever, and this is no disrespect to them, but if you're a director of IT at Royal Bank of Scotland or HSBC you can't make or break that company.

They don't own the company, it's a job, and they're very good at it and take it seriously, but it's a job. If you own an MSP and you have seven employees, it's your business. You are responsible for those seven people's professional lives. It's a different animal.

MSPs are passionate about technology and about business in general, but this is their livelihood and their business is like an extension of their family. I find it fascinating. I learned so much from talking to these MSPS.

They're definitely not shy. They will definitely let us know when we screw up, and they're also more than willing to help us, which is so awesome. When we screw up and we've done that a few times, they're the first to call us out.

Then, after berating us for a while there, they're the first to say, 'Fred, let me tell you, here's some things you should do,' and that's pretty cool. Maybe staying in touch, it's me being selfish because we gained so much from it and I enjoy it. It's super cool to talk to business owners all day long and it's a group of people that I have a lot in common with.

RT: I don't think they'd see it as selfish, so keep doing it. As CEO, who do you admire in the industry? Are there other companies that you find yourself modelling yourself on?

FV: This is beyond our industry, but I really like Microsoft. I think what Microsoft has done over the last 25 plus years is just unbelievable. They're B2B-focused. They've made mistakes and sometimes it takes them two or three times to realise their mistakes.

But what a lot of people don't realise about Microsoft is, if you go back, to the earlyish days, when they first released SharePoint, or when they first released SQL Server, their vision was to say, 'We have a customer and we want to provide all of the solutions that customer needs to be successful.'

This is really going back to the development enterprise days, but they said, 'We're not going to be greedy. A lot of people say Microsoft is greedy, but think about how inexpensive they're products are.

When they came out with Office, I was in university, and Word Perfect was best word processing software, Lotus was the best spreadsheet, Harvard graphics was the best presentation layer and Lotus Notes was the communication protocol.

Microsoft came and said, 'We're going to give you all that functionality for one tenth of the price, and we'll get it right. But we know that if everyone is going to use this product, they can't spend 10 times to get all the functionality'.

Microsoft, I believe, singlehandedly allowed productivity software to become ubiquitous. Every college, every university student had a spreadsheet, but they couldn't afford to buy Lotus. Lotus costs more than the entire Office package when they started.

I find that that type of innovation just incredible because they're very selfish that they want to make money. They're not non-profit, obviously, and they're incredibly commercially successful, but they did it without screwing over their customers.

People have different opinions about what happened to Microsoft long-term, but I am very impressed with that. I also look at some of the real innovation. I see Google doing some of that in the productivity suite with G Suite and that sort of thing.

I think that what SolarWinds as a business has done on the enterprise side is very impressive. They did a very good job of identifying who their customers are, having products that can meet their needs, not selling them functionality they don't need and having a really affordable price and making it easy.

They have not done that in their MSP business, but on their enterprise business they've done a fantastic job for it. I think what Adobe has done is the same idea. They have a customer and they realized that customer needs to do multiple things, so they build a platform that makes it easy to do multiple things that integrated. They work together.

Microsoft Office works together, it's inexpensive, it's easy, there's not a lot of friction and people then just use it and it works. It's so funny when people talk about Microsoft Office as expensive. Microsoft Office in 2018 is less expensive in absolute pounds than in 1994 when people bought Word Perfect, Excel and Harvard Graphics. It's amazing what they've done and it's an incredible way of looking at things.

RT: Getting back to you as a CEO, what would you say is the most important skill that you would consider a successful CEO has to have?

FV: Empathy for customers. Empathy for what pains that they go through. I'm not talking about just pains of dealing with us as a vendor, but as understanding your customer. Looking in the eyes of your customer and saying, 'What is your business today? What's it going to be like in three to five years?'

And having a very clear understanding of it. Second thing is translating that to vision, having a very clear vision of how our company can help our customer get from A to B and then communicating like crazy.

Communicate that internally, externally and reinforce it. Then, making sure that you hire the best people in the world that are the right fit for our customer base that are the right fit for our employee base and the right fit for our company culture, whatever that culture may be.

Kaseya's culture may be different than the next company's, and someone who's successful at Kaseya may not be successful at another company. A product manager who's successful in dealing with big enterprises, probably won't be successful in dealing with MSPS.

I think it all starts with empathy, not in a sense of feeling sorry for someone, but being able to shut up and listen, understand, and then come up with a vision for how you can help them get from A to Z.

RT: Something that comes across just from talking to you is that you've got this commitment to self-development. Are you a book reader? What's a book that's made a huge impression on you?

FV: Leadership and Self-Deception (by The Arbinger Institute) I would encourage every human being that I talk to, whether you're in the business world or not, to read Leadership and Self -Deception. It helps people with their personal lives.

It's all about interpersonal communication and self-awareness. We can never be too self-aware. If we know our own weaknesses, we know how to surround ourselves with people that complement them and we can do things.

Another book I like is on teamwork. It's called The Five Dysfunctions of a Team. The Five Temptations of a CEO is another interesting read (both by Patrick Lencioni). I also love military history and I'm a fan of history of all kinds.

RT: I know our time is brief and you've got to run off and speak to other people. As we wind up, what's the one thing you would want MSP's to associate with Kaseya?

FV: Success. Not Kaseya's success like I even give a shit about our success! We know that a Kaseya MSP is growing at a rate of about 25% larger than the MSP community overall. We see that because we see how they consume licences and we know what their revenues are.

We strive to make sure that our MSPS are successful and there's a million ways we do it. If an MSP is thinking Kaseya, I want them to think, 'Here's a vendor that cares about our success, not just giving it lip service and having the salespeople come and smile and give thumbs up. Their business model is one where Kaseya only achieves financial success when their customers do.

If our customers shrink, so does Kaseya. Kaseya is investing tons of money, not just in technologies and products for our MSPs to be able to get the full wallet share of their customers and differentiate against other MSPS, but we're spending lots of resources to make it easy to do business with us.

Online provisioning systems or self-serve portals, customer portals so their customers can white label and leverage everything that an MSP needs to run their business effectively. To make sure that they can easily attain the full wallet share of their customers and that if there's a prospect who's looking at two MSPs, the Kaseya MSP has a much better story to tell and they win eight, nine, 10 out of 10 times.

That's what we strive for. It doesn't always happen, but that's what we strive for. Next time I get in a room with 100 MSPs, if 90 of them can repeat that and associate with that, we're doing well.