



Rick Yates is the Managing Director of Zedsphere -- a specialist distributor of cloud-based technology products specifically for Managed Service Providers. Zedsphere are a fast growing and exciting company and have a team of tech happy, MSP focused product specialists who live and breathe cloud, tech, cyber-security and business productivity.

RT: You've had a few twists and turns, so can you tell us how you arrived at where you are today?

RY: It feels like it's been a long old road, but it's really only been the last two or three years that have been the most exciting. We set up Zedsphere in November 2015, and in that time we've supported around 700 MSPs.

Personally, I'm not a techy, I'm more of a sales and marketing guy, but a few years back I was really excited to start my own company. I was developing a software product, and I knew that I needed funding, and I'd already got a start-up loan from the government.

I gave £10,000 to a software developer who'd made a basic product for me, which was a cloud-sourcing information product for lawyers. It was a good idea and I was passionate about it, but I knew that I needed some extra cash to make the business happen.

I spent a year trying to get into a business angel network, similar to Dragon's Den where you pitch for investment. I was really confident on the day and turned up with about 15 business plans and a pitch I'd practised for ages.

When I was doing my pitch, there was a bloke at the back who'd fallen asleep, which had never happened before! It was at that moment that I thought, 'maybe this isn't going to fly!' I stood behind my table and nobody came to talk to me, so I decided to pack up my stuff and leave.

I was coming out of the bathroom when I saw a guy coming down the corridor who I recognised from the audience (not the one who was asleep!) and I thought, 'I've got nothing to lose, so I'm going to ask him for some advice.'

I said: "How has your day been and have you seen anything you liked?" and he said: "I really liked your idea but I don't think I could sell a company like that for a few million quid in a couple of years."

We got chatting and exchanged details, and that was a guy called Devesh Lohani, who'd been in software distribution for many years, and ended up investing in my idea. He gave me some money, I quit my job and moved with my girlfriend from Bristol to Manchester.

Around the same time, IBM had given access to their artificial intelligence computer - Watson - to a group of law students from Stanford University, who created the same product that I had, but a million times more sophisticated. They were allowing legal specialists to ask the computer questions to legal queries they had and to provide the answers immediately.

As soon as I saw that, I thought, 'Not only am I struggling to get users on this platform, there's a super, amazing solution that's going to appear on the market. I sat down with Devesh and told him there were some red flags and I should give him the money back.

He pointed out that we knew that could happen and I didn't need to pay him back. He told me he was looking to get back into software distribution, and invited me to join him in his new business.

He spent days and weeks training me on how to do sales and marketing and gave me his wisdom from decades of servitude in the software distribution industry. It was a fantastic opportunity for me, and one that I relished.

We worked together for a couple of years, and it then became apparent to us that MSPs (Managed Service Providers) are the future of the IT industry when it comes to finding software products and delivering a service around that.

We were seeing exponential growth in the number of customers we were getting that were MSPs, and I decided we needed to do something to help them. There was nobody else in that space who was focused only on MSPs and no one else, or curating tools for technical directors they could trust.

Zedsphere was set up with that intention a couple of years ago, and since then everything's been going upwards and to the right on the charts, and it's been one hell of a ride. Devesh and I are still working together and that's going really well.

We've got a point to prove – that MSPs are the way forwards for IT services and for software consumption. There's a way that techies and MSPs like to buy and that's through being helped to find a product when they need it and having a team who knows what they're talking about.

RT: Tell me more about your relationship with Devesh, your mentor. How important has that been to you both personally and professionally?

RY: It's absolutely invaluable. Every now and again I get the opportunity to chat with people who are looking to set up a business, and this isn't the first company I've started, but the big difference is that previously I was doing it on my own or with someone who was just along for the ride.

The whole point of having someone like Devesh is that there's someone there who's a mentor and has the right kind of experience and advice – not just professionally.

Sometimes, as a business leader, you need to be able to pick up the phone to someone and bounce ideas off them. They might give you the same answer you would come up with anyway, but just having that reassurance has been massively important to me.

I'm under no illusion that if I hadn't had the opportunity provided to me by someone like Devesh, there's no way I would have done this, or even known about software distribution. What's been nice is that Devesh has more than 20 years' experience in it and grew his business to the largest distributor for Symantec, so I can learn from him.

He's experienced things so I don't need to make the same mistakes, and at the same time I'm coming in from a marketing background, so I can bring best-of-class practices from other industries which will work here too.

That means things like our inbound sales and marketing strategy is a bit different to what you'd see from other distributors. It's been a really nice partnership, and Devesh says that he learned as much from me as I learned from him, although I don't know if he's just being polite!

Whenever people tell me they're thinking about starting a business, the one piece of advice I always offer is: "Don't try to do it on your own. Whatever you think you're capable of, two heads are better than one." Running a business is a really stressful thing to do, and it's nice to have that voice on the end of the phone when you need it.

RT: For those who aren't familiar with Zedsphere, tell me about who you are and what you do.

RY: We describe ourselves as ‘the cloud solutions provider for MSPs’, although it’s fair to call us ‘boutique’. When you come to see us, we look more like a sales and marketing agency than a distributor – we don’t have rows of desks.

We’re aiming to focus explicitly on a very particular type of buyer, a specific kind of person. That person is running a managed service provider and typically they’re a technical director or a huge amount of technical experience.

What that individual wants is to be able to pay the right amount of scrutiny to the products they’re going to be using. They want to have a relationship with their suppliers that’s meaningful, one that they can trust.

They don’t just want a sales conversation, they want to be able to access content online and make their own decisions on why they’re going to purchase a product. We know for a fact that most of our customers will make 90% of their buying decisions before they even pick up the phone to us.

They’ll have been on product websites or Spiceworks and asked for recommendations, so it’s about understanding what managed service providers want and need, and we’re just doing our best to curate products that are relevant for MSPs. Everything on our menu is suitable for MSPs, and if we have vendors who want to get into the MSP world but aren’t ready, we don’t take them on.

We get approached by vendors like that all the time, and the MSP industry is such a romantic place for software vendors, but when we speak to them we find they don’t have centralised communications, monthly billing or multi-tier facilities, so we don’t sign them up.

Our ambition is to end up in a position where if you’re working in an MSP or looking after a network, you know that you can come to us and trust that we’re the guys who can help you.

RT: You’re growing at a rapid rate - how many people do you have now?

RY: We’re two and a half years old and there are eight of us. We’ve just done our fourth office move in two years, which is absolutely mental, and we’re recruiting for another sales and inbound marketing specialist. We look for people who are really into technology, are tech-savvy and can have the conversation with MSPs about the products they use, what they need and so on.

We’ve got a big ambition to add another four or five key vendors in the next quarter – we’re looking for data backup, cyber security, a really good VoIP supplier and a connectivity supplier as well.

At the moment, it feels like we’re on the cusp of getting a big tranche of really good new vendors onto our website, so there’s going to be some exciting announcements from us in the coming quarter.

MSPs can speak to our team and I think they'll find one or two of our offerings will be of help for their business, or there'll be something they're using from another supplier which they can consolidate with Zedsphere instead.

RT: What do you look for in new hires? I can see a real correlation between what you do and what MSPs do when they're looking for people to bring on board. What type of person are you looking for?

RY: Charisma! And attention to detail – the willingness to try. We use a tool called Workable which is an easy-to-use recruitment tool. You can put questions on there when people apply for a job with you for them to answer, and one is: "Our main customers are MSPs. What is an MSP?"

We've got loads of content on our website about this, and you wouldn't believe the number of people who apply for jobs but give answers such as Member of Scottish Parliament, Manchester Science Partnerships or Marketing Solutions Packages!

The way that we recruit is that when you come to us at the start, you already know what a managed service provider is and you're bought into that buyer persona. You have to understand what the jobs are that a technical director or MD undertakes.

If you can't understand what an MSP owner's life is like, then you're not the right person for us as a company. It's about understanding our customers, because we can teach you how to manage a sales pipeline and how to give people access to the right things, but you need charisma.

We're a diverse, charismatic team here, so anybody who's a bit of a shrinking violet is just going to get eaten alive! It's about being able to relate to the customer and give them the experience that's unsurpassed. People can decide to buy from wherever they like, and it's a choice to come to us.

RT: Zedsphere are an MSP-focused value-added distributor. How would you define an MSP?

RY: What a can of worms! If we looked at our list of customers, it's very difficult to find two MSPs that are exactly alike. We do categorise to an extent, and put the MSPs into basic groups, so there are the hardcore MSPs who've been in business for 15-20 years, have never done anything else and they've always charged a monthly fee for support.

Then, there's the break/fix MSPs who are moving into cloud service offerings, and finally there's a large group of resellers, for both hardware and software. They've realised that MSP is where they should be for the foreseeable future, and they want to offer bolt-on service wraparounds to their offerings.

For us a distributor, there are different things we can offer each group in terms of advice, our level of expertise and which products are right for them. It's such a mixed bag, and there's no definitive answer to what an MSP is.

Vendors often come to us and say: "What are your MSPs doing? What systems do they use?" and we have to say we can't give an answer, because they're so diverse. We have a feeling for what the best way is for MSPs: we think there should be a good, identifiable product set, with clean billing and financing options, the ability to report on the service delivered and demonstrate value.

Of course, we aren't an MSP, and we wouldn't want to tell people how to do anything. We're good at understanding what products, introducing them to MSPs and explaining what value they might add.

There are so many different MSP models, and a lot of them work for a lot of people, so it's a really interesting industry to be in, and it's also really exciting, because there's so much growth.

When we sign up customers, we sell a licence for a product, for instance 200 seats of Ninja RMM (remote monitoring and management), and most of the time when we look back at their account a year down the line, they'll usually have grown 100% in the number of seats.

Adding 200 seats to an MSP with only a couple of employees means they've doubled their customer base. We find that's consistent across the clients we have, which is amazing.

RT: What do you attribute that to? Are you attracting that type of MSP – who are hungry for growth? How do you end up working with them?

RY: They're looking for products which are going to make their businesses efficient and that their customers understand as things which add value. They know that they can pay a set monthly amount and offer out a service at a certain fee.

They tend to be pretty savvy people who can explain to customers exactly what they offer, and it's a model that works. They can start with 100 seats in January one year and the following year they experience 100% growth or more.

Looking at the MSPs we work with, I've been astounded by the year on year growth they experience. It's bordering on ridiculous! It's hard to say what the secret sauce is, but when there's an MSP which is well engaged, understands how to work with customers and use techniques that we recommend to them, the formula is there for success.

RT: Let's talk about the product set. In 2015, Zedsphere started out, and you've come from a cyber security background. Take us from 2015 to where you are now, and the number of vendor products you're looking after?

RY: We have six core products at the moment, and we're planning to expand on those. We started with a cyber security focus, as that's where we'd come from when running our previous business, Distology, because it's a massively important market to sell into.

We realised that the beating heart of MSPs is the provision of tools such as remote monitoring and management PSA (professional services automation), so it was really important for us to focus on building a partnership with a vendor which would allow us to take an excellent product into the MSP market.

We're incredibly fortunate to be able to engage with Ninja RMM. A year or so ago, they were relatively new, but had had amazing success in the US. They'd come from Dell and other companies and built an RMM (remote monitoring and management). By the time we met them, they'd already sold to around 1,000 MSPs in America using a small team of salespeople.

Looking at the product, we were so excited by how easy it was to use, and the principles behind Ninja are important too. They're going for an ecosystem play, so you can take vendors that MSPs love (such as TeamViewer and Webroot) and can integrate seamlessly with a platform.

MSPs can pick and mix what they have, so they don't have to have Ninja AV (audio visual) and PSA if they don't want them – they can pick the vendors they want to use and plug them straight in. What they were doing was all focused on ease rather than old legacy technologies, easy onboarding training and a professional approach to billing.

We realised that the future for us was to partner with Ninja and we started to cultivate a relationship with them. We're a year in and they're doing really well. The product is flying off the shelves in the UK and we've got a dedicated Ninja sales team now. That's been the core element for us – building the RMM focus to allow MSPs to plug in cyber security remote connect.

RT: For anyone who hasn't seen Ninja in action, there's a demo video I'd recommend you look at. I was really impressed with the product, and it's really easy to use, even for an old man like me!

RY: I'm not a technical person, and I was able to pick it up pretty quickly and can demo it myself.

RT: I want to emphasise how important that is. One of the big roadblocks for IT companies adopting the MSP model is the amount of time it takes to build a tool onboard and get into the mindset of doing things. Anything where you can get an off-the-shelf product and do 80-90% of the things an MSP needs easily is great.

RY: The thing that's most popular and been successful is that we sell Ninja as part of a bundle and it comes with endpoint protection, which is a next-generation tool that's having

massive success in the MSP space. We also include a TeamViewer licence, and both of those are bolted deeply into Ninja and controlled from the same console.

When you buy the product, you can take the whole offering for one monthly fee from us and can offer MSP services straight away. People say to us: "I'm just starting out as an MSP", so we recommend the Ninja start-up pack, with 50 seats, TeamViewer and Webroot, and they can get going.

It can be onboarded in about an hour, and people don't have any problems with it at all. For small MSPs it allows them to start up, but we also transitioned a company with 3,000+ seats in a week.

RT: What was their reason from transitioning to you from a competitor?

RY: The biggest objection we hear about big, legacy RMMs is that they're clunky and a bit of a dinosaur. Sometimes new features are added and billed to the MSP, but they hadn't asked for or needed them, causing price increases.

They've also outsourced their customer service centres to India, which makes it harder for MSPs to get on with stuff. It's like rocking up with a Volvo you've had for 25 years which has been strong and reliable, which you then swap for an efficient Roadster and does things quicker.

That's what we find with Ninja, and it's so good to be a part of a company which has a product which doesn't cause objections. Everyone thinks it's wicked! MSPs do ask what's coming next, and there are things on the roadmap which will come eventually, but Ninja ticks a lot of boxes and nobody has a problem with the technology.

The only objections are from people who want a really cheap service or aren't in the buying cycle. When you're in a position to be part of a sales and marketing team who can do things for you, you don't have to worry about the quality of your product.

We have product specialists in the sales team who can talk with passion about Ninja, Webroot and TeamViewer, and they can say with confidence that these are the best products on the market. That was key for us, and I've been willing to wait a year or more for the right vendor. We have a list of the products we want and the categories we'd like, but if the right vendor isn't there we won't partner with them.

RT: We've got an industry full of acronyms and when we talk about distributors, it might not be clear what we mean. Can you give me your definition of what a distributor is in a traditional sense, and what you're doing with Zedsphere now?

RY: A distributor is someone who represents a vendor, sells to resellers or MSPs but doesn't sell to end users. They're a supply and procurement route for people selling hardware and software and the traditional model has the distributor taking responsibility for the run rate of a

vendor. The vendor is responsible for lead generation and demand, and give the leads to distributors to fulfil the orders.

The distributor has their own supply network of resellers who will try to push products. This model has the reseller asking a distributor for a product a customer needs, and a quote for a full, one-year subscription paid upfront at the point of ordering.

There are also terms such as box shifters, broadliners, tin shifters and quote monkeys, and these also refer to those in distribution. Where Zedsphere sits is in a completely different place. We do represent vendors, but that's a niche, specific group who are focused on MSP, and we have specific criteria too.

Our criteria are: cloud-based, the ability for the software to be multi-tiered, billed flexibly to suit the MSP and an over-usage programme so if they need more software they don't have to place more orders with us – it needs to be easy.

We look out for products that are going to be of interest to our MSPs – we don't just sign up a load of vendors and say we'll distribute tools. You described us as a 'boutique distributor', and while that's not a term I've heard or used much, I think it's a good one.

We have a small team of dedicated product specialists, and we have a close relationship with the MSPs we work with. The big difference when working with MSPs is that you're dealing with people at a technical director level, and they're emotional about the products that they use.

They want to know that they work, and understand the ethos behind it, as well as trust in the company they're buying from. For us, we clearly understand that and aren't going to 'tin shift' products to MSPs – we want them to know that these are products we've curated for them.

We don't just do demos; we do one-to-one product introductions with founders of the vendors, such as a Ninja founder. We want that level of quality and for people to be able to review products and get what they need.

It's a bespoke, high-quality feel so people know they can trust us, and it gives them the knowledge that they don't have to come to us for just one product, they can get whatever they need and in one monthly bill. They know they can contact us with any problems and we'll resolve it immediately.

RT: It's an interesting approach, and I've heard it referred to in the MSP market for end users as 'one throat to choke'. MSPs look after all the hardware and the software, and the vendors for the clients. Not a very nice phrase, but it works.

RY: I definitely know what you mean, but in our case I think I'd say: "One cheek to kiss". We get more compliments than complaints, and even while we've been talking one of my colleagues has emailed to say a new client wants to speak to me to tell me how happy he's been with the service he got when purchasing VoIP.

We're trying to build a company and brand that people know, so they can say: "Oh, it's Zedsphere, we trust them because they're the MSP guys." We don't really want to be a cloud market where you log in and buy products, because we want you to trust us.

RT: So the label 'distributor' as I know it probably doesn't apply to you as much. We might need to think up a new label for what you do.

RY: It's been a challenge for us, because we *are* a distributor because we represent vendors and have distribution contacts with them, and we sell into the managed service market, but it's actually a term that we try to stay away from. We try to come up with other ways to say it, such as our website tagline: "A fresh approach to technology sourcing".

RY: A sourcing partner? Maybe listeners can help out with a new name?

RY: Sourcing partner is good. But at the same time, we have to accept that 'distributor' is what we are as that's the field we work in, and we're trying to do things a bit differently.

RT: We've talked about UK businesses, but I get the feeling that you're looking to work with people further afield?

RY: Yes, we've just started representing Ninja in EMEA (Europe, Middle East and Africa), and we've got clients throughout Europe – Germany and Scandinavia are the biggest markets for MSPs. We want to continue that as far as our distribution agreements will allow us.

Most vendors have distributors in different countries, but we've got a history of distributing in Europe and we know the cultural challenges and differences. We're confident in our ability to sell elsewhere, because I got great training in order to do that. The UK is our priority at the moment, but we'll be continuing to expand into Europe and Africa as well.

RT: What does 2018 look like for Zedsphere?

RY: 2018 is THE year for us. We're excited about the possibilities, and we're looking forward to providing value to MSPs with bundled product sets. We think that platform purchasing is the way forward to have products on a single platform.

We're seeing a fantastic response to the bundle of Ninja, Webroot and Team Viewer and we'll be building things into that, perhaps even VoIP. We're going to be giving more power to MSPs, and moving away from selling single products to individual companies.

We're letting them know that for a reasonable price they can now bundle all the services they need into one platform, saving them time and money. We'll also be on the vendor acquisition trail: we've just signed with Untangle and we think there's great potential for next-gen firewall and we really want to look at playbook and migration products.

If there's a server down or a customer query, how should they standardise that? If they've got six offices, how can they guarantee that engineers solve the problem in the same way? We know that MSPs are looking at standardising services.

As a business, Zedsphere has been running under the radar, rather than shouting from the rooftops about the value we can add. We're hoping to increase the amount of communication we have with customers, let them know what our products can do, offer educational content and be useful.

RT: If I may, can I ask if the business is profitable?

RY: Definitely. We've just had the end of year two, and we're profitable with no debt in the company. We've got really good financial backing, the figures are going the right way. There's a team of six office-based staff, and we're recruiting for two or three more. By the end of the next quarter we could have 10 people.

RT: And some good lessons from your time as a start-up?

RY: I feel like I learn something new every day. But you have to take those lessons from being a start-up and see what works and what doesn't. What's been valuable to me is learning lessons from the hard knocks that others have had. To have that kind of knowledge and be able to ask my mentor for advice really helps.

RT: What do Zedsphere look for when they bring a vendor on board?

RY: It's a mix of things, and the first thing for me is relevance. For instance, with Untangle and Ninja, they're products that are so relevant for MSPs, and they've taken the time to put that in. They have MSPs on their minds.

When you have those conversations with people who are interested in MSPs, that comes across, and they ask questions about the market and talk sense. It's about technology and functionality, because we don't want to pick up any products that are poor quality and cause clients to lose confidence in us.

It's about relationship too, and the level of excitement we have about the vendors, and that they have that too. We want it to be a partnership, so they come into the office, we talk about the work we're doing and there's a team effort.

It's not just a case of saying: "You're our distributor and it's your job to get us business", we need to be fully aligned and work together as a functional team. The chemistry is important to us. We're lucky that we've got a nice set of vendors and they tick all the boxes.

RT: If you could wave a magic wand, what's the one issue in your distribution business that you'd like to see eradicated tomorrow?

RY: The thing that bothers me the most is that there are loads of MSPs out there who we aren't talking to. We want to be in a place where we're central to the market and MSPs can come to us, but that can't happen until they know about us.

As a business owner, it's about getting the message out there and building trust in the brand, which is particularly important at the beginning. That will be the key to our success.

In the industry more generally, I'd like to see more vendors to be more MSP-focused and be aware of things like software as a service (SaaS), the cloud and so on, and to realise that MSPs are the future.

It would be good to have more flexibility and to make sure that things aren't so difficult for MSPS. Vendors don't have to be big old dinosaurs ripping MSPs off and giving them functionality that they don't need, or signing up for three year contracts.

That level of inflexibility shouldn't exist in the market anymore and this comes down to the relationships they have and the technology they offer. It needs to be about ease of use, ease of deployment and relationships, and that's what I would ask of the industry.

RT: You've got a lot of books on your shelves and obviously you care a lot about personal development and becoming a better business leader. What's the one book you recommend or gift to people the most?

RY: Richard Templar is great, and he's written about 15 books, each with "The Rules of..." in the title. Every page is different chapter, so you can read one in a couple of minutes. It's easy to consume, but he talks a lot of sense. I particularly like "The Rules of People."

RT: What's next for Zedsphere? Do you have any new products and solutions to add to the line-up?

RY: It's a really exciting time for Zedsphere at the minute, and there are a couple of important things happening. We're adding a substantial tranche of vendors into our portfolio, and we want MSPs to be able to come to us for their full cyber security offering, from endpoint protection to firewall and beyond.

They can get a solid, trustworthy cloud backup provider, fantastic VoIP telephone solution and connectivity as well, so if you need broadband we'll offer that. MSPs always ring us and ask for things, and it's been frustrating for us while we've been building our existing product portfolio.

There's buoyancy in the products we've already got, but you can't chuck 20 products in at once – you have to add a few at a time. We're at the point now where our portfolio is going to look a lot meatier than it has done.

The other key thing is that we've launched this awesome partnership programme, the Zedsphere MSP Partner Programme. It's free of charge, but it's a way for MSPs to tap into our resources without being a customer yet.

We've got several hundred MSP customers paying for services, and we've talked to several hundred more. They're not getting the benefit of things like the MSP Growth Academy or our resources pages, and they need to know they can get things from us.

The Partner Programme provides you with access to a few different things, so if you sign up you get access to extended product trials – 30 or 60 days rather than 15 or 30. You also get an enhanced partner discount, which is bigger than you would get normally.

We're also launching an MSP-focused magazine called Zed, which is going to be like GQ meets Wired, and it's something we're proud of. It will have loads of handy, relevant advice, interviews with vendor CEOs and MSPs, and there's a free subscription included in the Partner Programme.

We're going to look at adding a free subscription to something like HubSpot CRM with a half hour training session with our HubSpot specialist here added in. If you can have someone who's an expert in the MSP sector to talk you through how to set it up and use it, that's great.

The Partner Programme is something that we're really excited about, and we're hoping to do some kooky events – we're planning to hire out a barber's for the day for MSPs to get a free haircut and have a beer! We've got some crazy ideas for cool, MSP-focused events.

RT: For anyone who wants to find out more about the Partner Programme, how can they find you and get in touch?

RY: They can visit our website, and front and centre is our Partner Programme, and you can check out our videos and sign up. We've also got a YouTube Channel now so you can find our videos there. It has our MSP Masters series where I interview managing directors of MSPs of all different shapes and sizes and they tell us about their trials and tribulations.

We've also got the MSP Growth Academy, because we know that most MSPs come about when techy guys start up in business, but find sales and marketing a challenge. We sell to MSPs but we aren't an MSP – we're a sales and marketing company – and we thought it would be a good idea to share some of our knowledge with the people we work with.

I've been doing a series every Thursday (The MSP Growth Academy) and I talk about things like identifying your buyer persona, how to think about your sales funnel, strategies to attract enquiries and convert them into leads. I hope the content is useful, and there's no sales message around it – it's just things that MSPs will like and make use of.

Mentioned in this Episode

- Zedsphere: www.zedsphere.com
- Ninja: <https://ninjarmm.com/>
- Webroot: <https://www.webroot.com/gb/en>
- Team Viewer: <https://www.teamviewer.com/en/>
- Untangle: <https://www.untangle.com/>

- Richard Templar personal development author of The Rules of People
<https://www.amazon.com/Richard-Templar/e/B001IGNMIM>