Servicing the "Squeezed Middle"

Des Lekerman is CEO of TIG, a provider of IT managed services, Cloud and IT transformation products to the mid-market. He shares insight into his entrepreneurial career and plans to build the most trusted cloud service provider to the mid-market.

Des Lekerman, CEO, TIG

Tell us about your first entrepreneurial venture

I left Cavelle Data Systems in 1990 to set up Eurodata along with a colleague from the sales team; we decided to move out of Manchester and locate the office in Islington. Our niche was supplying third party computer maintenance companies with parts to support their contracts. We saw a gap in the market because many of these companies were buying directly from the manufacturer at full price; our model was to buy end of lease computers and break them up to sell the component parts – there was good profit to be made in that.

As our offices were on the edge of the city in the then unfashionable Clerkenwell, we could quickly deliver to the end users which were mainly banks and financial institutions – these were the people that were spending most on third party maintenance contracts.

The regular business of hard drive,

motherboard and memory replacements began to pivot towards software configurations and maintenance. We therefore hired Novell and Microsoft software engineers to meet this demand. At the peak of the business 2000 we decided to change our strategy and sell IT solutions directly to the end users and transformed into a systems integrator. We already had a good team of engineers focused on hardware and software. The growth of the business accelerated over the next 10 years and by 2011 revenue was £30 million, which was almost entirely system integration projects and managed services. In 2011 we sold Eurodata to a competitor, Trinity Expert Systems, which was then subsequently acquired by PE-backed Liberata.

When you built the business did you have any advisers or a Chairman?

No, and in hindsight I would have done this completely differently. I would have got some outside

advisers and someone to look at the various internal teams. I would have probably structured the business differently, but because we were focused on running the business and looking at the numbers every month, we weren't necessarily viewing the "big picture".

How did TIG come into being?

In the 18 months after we sold Eurodata I was looking around for opportunities to buy another IT services company or get back into tech; I was 43 years old and wasn't ready to retire. In 2013, I was introduced to a company called The Internet Group; I put a £1 million loan into the business and bought a 70% stake with an option to buy the 30% stake off the founder in two years' time – which we eventually did in 2016. The Internet Group was originally an internet service provider, but it shifted to providing support for small businesses, such as putting the networks together. Initially we partnered with VMware to build a cloud platform, we built a great infrastructure as a service platform, spent lots of money on it but unfortunately it didn't sell very well.

Why was that?

There were several reasons. One of the main reasons was that we had come from a business that had massive technical capability and we were coming into The Internet Group which had limited technical capability, but our aspirations were at that mid-market level. It was a very different environment; we were used to dealing with established businesses that understood how to use technology, as opposed to smaller customers that didn't know how to properly utilise it. We had all these legacy issues and the cost of servicing those companies was higher than the revenue they were gener-

ating, so we went through a process of analysing existing contracts.

Tipping Point

In 2016 when we bought the founder out, we re-engaged Microsoft. Having previously been one of the largest Microsoft partners in the South East at Eurodata, we had great relationships. Microsoft had a new CEO, Satya Nadella, who's strategy was cloud first; we met a couple of the senior executives from Microsoft HQ in Redmond, and we then flew out there to understand the strategy further. Following this we crystallised our strategy to primarily focus on building solutions in the Microsoft Azure Cloud – this was the tipping point for us. A key area for us is the security element of Microsoft 365 which is the Enterprise Mobility Suite. These types of solutions had now become our mainstream. We designed an identity and access management solution for multiple Cloud services e.g. services such as Dropbox, Box, Gsuite, AWS and/ or SalesForce. Our solution is designed to provide secure access to mitigate the risk of identity theft and preventing data leakage.

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Has this led you to focus on particular verticals?

Finance, insurance, and recruitment are focuses for us because they're all professional services businesses and highly data-driven businesses. For example, in recruitment to transact, you just need a phone, an internet connection, a network of people and of course the database. The key asset in any business is data and making sure that this is protected and secure should be a top priority; with technology you can protect against data leakage. This area is really resonating in the market as more and more information becomes highly portable; 10 years ago it was about protecting USB drives, and some financial services organisations

were resorting to putting superglue into them to prevent theft of information, these days there are software solutions that can prevent you from downloading data on the USB drive or even uploading to other cloud drives like Dropbox or Onedrive.

Most of our customers are mid-size companies; a lot of our expertise is around DevOps and automation which is typically only found in larger enterprise businesses. Similar-sized companies to TIG usually offer their expertise to large organisations like BP or HSBC etc. because they have larger budgets; whereas mid-size organisations are often constrained to a limited budget so must do more with less. Our strategy is to focus on those mid-sized businesses, bringing them enterprise level expertise that's not normally available to them and supplying it at an affordable cost. Insurance companies, hedge funds, graphic design businesses - anyone who relies on IT is the perfect customer for TIG.

What are your growth ambitions for the next few years?

In July 2018 we received £6m from BGF who have been supportive of our vision and growth strategy.

In December 2018 we made our first acquisition of another managed service provider called netConsult making the combined business over £12m in revenue. We aspire in the next three to four years to be £50m revenue and £10m EBITDA.

Over the last 6 months our growth has been fuelled by the increased demand for data analytics. We have completed about six projects so it's still relatively new, however, we have found a way of automating and organising data in a way that can be easily interpreted. We have built our own IP around it that sits in between an application database and the data warehouse.

We're currently working on a project for a large recruitment firm who have grown by acquisition. The management team has a requirement to view data from several different sources, through dashboards using Power BI; the feedback from this has been very positive. Data analytics allows business leaders to make

better decisions rather than basing everything on gut-feeling or just on limited data. We have packaged our solutions up into bite size chunks that make it easier for our customers to consume making it accessible for mid-sized companies.

What are the constraints and challenges?

Our major challenge is recruiting data scientists and analytics people, so we are training people internally. This has an added benefit as it rewards the loyalty of our existing staff by giving them the opportunity to gain more skills.

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The challenge has always been around having the right people and the right team working together with the right chemistry; it's having the right mix but getting that cocktail just right is an art. Some people might not have the skills today but with the right training, coaching and mentoring, it can be possible – if they've got the aspirations to do so.