



Don Doctor

CEO, CompuCom

Editor's Note: In this month's issue of *Executive Perspective*, *martinwolf* interviews Don Doctor, CEO of CompuCom. Don Doctor is responsible for providing global leadership and operational excellence to advance CompuCom's mission. Don shapes and executes CompuCom's strategy, enabling it to deliver "best-in-breed" IT services and solutions to its clients and harnessing the company's people, culture, capabilities and portfolio to pursue market opportunities that drive growth. Don has served as Executive Chairman of CompuCom's board since August 2014 and has been a member of the board since May 2013. Don is also currently the Executive Chairman of Systems Maintenance Services (SMS), having recently additionally served as SMS' Chief Executive Officer.

Tell me a little about your background, and how you ended up where you are today.

With a 30-year career in technology, I have found that it is difficult to predict one's career path. My first entrepreneurial venture involved building a software consulting practice in the manufacturing sector. That led to us acquiring two ERP software companies (at the time, known as Material Requirements Planning, or MRP companies) and internally developing a third solution. When we sold the business to a private equity firm, I decided to build a VAR/Integration business because of the ongoing industry shift to open systems.

After selling the business to Dimension-Data, my career path switched back to the ERP software space as I became the CEO of Encoda Systems, a global media software company held by multiple large private equity institutions. After a successful liquidity event, I was intrigued by the growth in providing third-party infrastructure support and accepted the CEO position of Systems Maintenance Services (SMS), a leading provider. The investors in this organization are also the investors in CompuCom, which brings me to where I am today.

What are your thoughts on the current state of the channel? How does that affect you at CompuCom?

Being involved with the channel for over 20 years, I have witnessed the continual evolution of the business model. Initially, channel companies led with the product, combined with pre-sale solutioning and post-sale implementation services (at this stage, the need was already determined by the consumer). The next phase saw channel companies leading with their value proposition and determining which solutions were necessary. That consultative approach was later extended to include life-cycle support, such as managed or adoption services or IMAC solutions. Today's channel companies offer a

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shared risk relationship where they and their clients have ownership in providing the desired outcome.

Future success will be determined by participants’ abilities to achieve tighter integration in the digital supply chain and increase service offerings. At CompuCom, we need to drive value and innovation for our customers — accomplishing that necessitates working closer with our channel partners than in the past.

How does the rise of the cloud affect your business model? What opportunities and threats does it create for traditional solution providers?

CompuCom’s business model aligns perfectly with the new business cases prompted by the rapid growth of cloud services. By embracing the cloud, our customers are moving many of their IT costs for upgrades, patches, and R&D into a predictable consolidated monthly service charge. These same benefits, however, generate new pressures including the need to prepare for cloud upgrades and the dependence on feature sets that are no longer completely within the IT Director’s control.

Many IT service providers are seeing these new evergreen environments erode their market for traditional update, install, and software replacement services, as well as the lucrative architectural assessments that accompanied them. Instead, cloud services are more and more often being offered in “large/medium/small” preset configurations, and there is much more limited consulting work to be done around their design. Such solution providers are now challenged to define new value propositions if they are to find themselves relevant and profitable in the coming years.

At CompuCom, we provide value to our customers by addressing their need to aggregate and integrate these new cloud services effectively and efficiently into their comprehensive infrastructure management strategy in order to extract the full value of this investment back into the business. With our newly branded Cloud Technologies Services (CTS) business unit, we are extending our decades of experience within the server, network, and security space, as well as our world-class framework for staying abreast of the most relevant technologies and integration benefits and challenges, to now include top-tier Cloud and Hosted Cloud provider solutions.

Are small and medium-sized solution providers still able to remain competitive in today’s economic conditions?

Definitely. The global market for IT services is incredibly fragmented today. In fact, the largest 5 global providers only enjoy a 23 percent market share of the entire \$1.7 trillion IT services market, with 54 percent of the market share controlled by providers outside of the Top

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25. So there is tremendous opportunity for small- and medium-sized providers as long as they can provide innovative solutions that drive real business value, delivered consistently at a market competitive price point.

CompuCom is one of the only businesses that have successfully been able to transition from a majority product business to a majority services business. How were you able to be successful?

Well, for one, we didn’t do it overnight but through a phased approach. To be successful, we think it’s important to take an integrated “solution” approach versus a pure product or service orientation. Our clients look to technology partners like CompuCom to help them understand the various options, interdependencies and best practices to arrive an integrated solution that best fits their individual environments and challenges. We strive to be “technology independent,” meaning we have relationships across all of the key OEMs and we have a strong technology point of view, so we work to recommend the best solution for each client.

A good example is in our retail vertical practice. We offer large and medium-sized retailers (we work with 8 of the top 10 retailers in America) the convenience of a solution called MyStore that supports their store expansion or store tech refresh initiatives. We help retailers in procuring key hardware products like servers, tablets, and so on – all configured and customized to their respective environments. We then deploy and install the solution and can provide ongoing store support — under a managed service agreement with agreed-upon service levels — leveraging delivery by our more than 6,000 certified field service technicians across North America.

CompuCom has a direct or extended partner presence in more than 100 countries. Why use that model rather than a physical presence model?

Our clients’ world is increasingly fluid and mobile so it makes sense for our delivery model to be built in a way that provides flexible, cost-effective global delivery. CompuCom is one of the lead partners in the Global Workplace Alliance (GWA), which includes an 11-member alliance of IT services organizations that are leaders in their respective geographies. Our strategic alliance leverages the expertise of local IT service providers to deliver workspace solutions around the world. Together with the GWA, CompuCom can support clients in all key geographies and regions across 80 percent of the global economy in 22 languages, 24/7. It would be cost-prohibitive for CompuCom to try and replicate that network with our own physical presence.

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What resources does Thomas H. Lee Partners bring to CompuCom? Broadly, what role can private equity played in a solution provider’s growth?

Private equity investors can offer multiple levels of support, from providing capital and board-level expertise to extending their presence to the planning, legal, recruiting and M&A areas (and beyond that on an as-needed basis). Successful private equity firms have evolved to bring value far beyond capital. Just as accomplished channel companies are directly aligned with their customers in defining success and assuming responsibility, strong private equity pairings achieve clear value creation through working together on the same team.

For example, we work closely with Thomas H. Lee’s “operations group” to improve our performance and we interact with other portfolio companies to share best practices. I know our relationship is working because we consider our “sponsor” an extension of our management team.

What advice given to you over the years has been most impactful as you’ve progressed in your career?

Early in my career, an industry veteran told me that true leadership success in technology was the ability to “stand the test of time”. His point was that with the pace of technological change, you would need to build your organization for change and continued growth, or fall behind and become known as a “One Hit Wonder.” This led me to challenge the traditional hierarchical models and drive hard towards a teaming model by business unit that accepts responsibility and accountability with the freedom to make the necessary changes.