



Mont Phelps

CEO, NWN Corporation

Editor's Note: Mont Phelps is CEO of NWN Corporation. Since 2000, he has led NWN through a period of expansion and dramatic growth. Starting with one office in Massachusetts, Phelps expanded the company to its current footprint with 15 offices across the U.S.

From the outset, he has focused the organization on helping mid-market and public sector clients achieve outstanding results, with advanced IT solutions and managed services, products from the industry's leading vendors and high-touch service. NWN has been recognized as a leader in the transition to the cloud and as one of the fastest growing companies in the IT services industry.

Prior to NWN, Mont held senior management positions with the DuPont Company and AGFA Division of Bayer Corp. He was also vice president and general manager of the Pitman Company, the largest U.S. distributor of equipment and consumables to the printing and publishing industries. He holds a B.A. from Randolph-Macon College and an M.B.A. with distinction from Widener University.

Let's discuss your background. How did you end up leading a cloud-focused solution provider?

My early professional career was in big companies. I spent 17 years at DuPont, and I had 11 different jobs across a very broad spectrum of the global business — from physical distribution to sales and corporate finance. I followed that up with increasing responsibilities at Bayer, another global chemical firm.

Coupled with my MBA, that experience gave me a solid, hands-on foundation in good management. So I came to the IT industry with almost no experience in IT, but a lot of experience in business. Most of my colleagues who are running IT reseller organizations are just the opposite—they grew up in technology but do not have a background in business.

When I first acquired Netivity Solutions, the company from which NWN was built, it took me time to get to know the industry, the technologies, and, of course, the partners. Then we started to grow in earnest. Over the past 9 years, NWN has grown from one office and 30 people in Massachusetts to 600 people and a nationwide footprint. Initially, we were a VAR; now we're recognized as a cloud solution provider.

What were some of the key lessons you learned that help you in your current role as CEO of NWN?

I learned the science and the art of true management, a practice

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which I think has been lost in much of the tech business. Many tech firms believe that success comes from having some “secret sauce” or a better mousetrap. They fail to understand the importance of execution, for example.

In a way, that tech-centric view is very good for us. The technology industry is the best industry in the world, and now is the best time to be part of it because the opportunities are immense. Technology is pervasive, always in transition, and favors well-managed organizations that know how to constantly evolve or adapt.

We are doing well, but so are other companies. You could say it’s because “we’re smart” or “we work hard,” but there are many other smart, hard-working people in this industry. Part of our success stems from being in the right place at the right time. For us, that’s not luck; it’s working as a team to focus on the customers and execute on the opportunities.

Given you have a good leadership team, there are three fundamental management capabilities that are required for success. First, you need the business acumen to run your business. Second, you need the sales capability to sell what you do. And finally, you need to have the technical capability to deliver what you promise.

So what are your customers saying to you today, and how has the message shaped your offerings?

We’re not a product company; the core of our business is servicing the customers. Other companies design, develop, and manufacture technology products. We bundle up the right products with our services to solve problems and create benefits for our customers. In other words, we make it all work. Any VAR can resell servers and routers. Our customers don’t want servers and routers. They want free-flowing, always-on, affordable and effective work processes for their organization. That’s what we give them.

However, the industry is constantly in transition, and what was once done on-premise is now going to be done in the cloud — just like it used to be, by the way. We try very hard to listen to our customers and give them what they are asking for. Today, many of our customers are telling us they want to substitute services for products. They are asking for IP telephony-as-a-service, wireless-as-a-service, analytics-as-a-service, contact center-as-a-service, and so on.

How does the shift to the cloud affect NWN? What opportunities do you see?

What our leadership team saw a number of years ago was as customers decided to move to the cloud, they would no longer be buying all their own hardware. Instead, they’d be buying a

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subscription. And that small change makes an enormous impact to our business model. It means we have to build it before they buy it, and so forth.

We have to have access to capital to stand up our cloud offerings. It's a “big boy” game. Many VARs will not be able to make the transition. NWN already has. We're very well positioned.

For example, we invested early in providing hosted voice. Why hosted voice? For years, Cisco and others have sold the market on setting up and operating their own phone systems on premise. Previously, these systems had been centralized and offered “as-a-service” by the telco's. Customers went in Cisco's direction because it was the better choice at the time, but they really had no fundamental desire to operate their own telephone services. Given the opportunity, many companies would rather outsource that. And they are knocking our door down to learn more about how we can help them. And by focusing on hosted UC — which is core and fits the outsourcing model — we become key to the operation of the enterprise.

In contrast, I don't see NWN making a big play to run data centers in the cloud. There are other players who do that, and that particular offering would not position us in the core of the enterprise. We always want to guide our customers to embrace the most efficient way of operating, whether that is the cloud, on premise or some hybrid solution. And we want to focus our own strategy toward services where we can provide distinctive value.

Obviously you have some strong vendor partnerships, Cisco chief among them. What are some of the ways you work with vendors to better serve your customers?

We offer a range of services and solutions that we feel are critical to our customers. So we align with technology providers that we believe are the best and develop as substantial a strategic relationship with them as we can. We're very selective — for example, from a networking standpoint, we offer Cisco technology. We're exceptionally good at it, we have achieved masters level credentials in every one of their technologies, and we have demonstrated again and again that we can forge their technologies into effective solutions for the customers. Just last month, NWN received Cisco's prestigious Global Cloud and Managed Services Partner of the year award, and five other cloud awards for US performance.

At the same time, we were named HP, Inc.'s Growth Partner of the Year for our success with laptops, desktops, and printers. Those devices are obviously connected together by the network.

We have a very focused and committed relationship with our customers, and we're supplying what we believe to be the leading

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technologies. We concentrate our resources on a select few partners; we don’t offer IBM, Dell, or many others. And this approach has served us well. As we have focused our service roster we have grown our business. That goes back to our central philosophy: We can do anything — we just can’t do everything.

How did you choose your private equity partner? And what have their resources allowed you to do?

We had grown this business quite nicely without outside investors. But we got to the point where the investments required to play in the industry going forward had gone up. We were encountering the necessity for us to have access to capital, which had never been the case before. We wanted to partner with a firm that saw, endorsed and believed in where we were going and what we were going to do. New State Capital Partners did. New State is invested in helping us build and grow from here. Today, thanks to their resources, we are in the process of evaluating and looking for some strategic acquisitions, which are technologies that are adjacent to our current offerings and will round out our hosted unified communications initiatives. We’re also pursuing strategic geographical expansion — we’ve opened up two new offices already. We are going to be judicious as we take the next big growth steps: we’re going to stay smart about how we do things and grow profitably.

What the New State investment has done is to allow us to go toe to toe with anyone in the industry. And today we’re taking on the telco’s as well as major solution providers and winning.

Let’s talk about size. How important is size for success in the solution provider business?

Size isn’t the right measure. The real measure is how good you are at what you do. If you are good, you’ll get bigger. Just bulking up by piling a lot of businesses together is not the right answer. We’re one coherent company with all of our components aligned, and we’ll continue to grow as a result of the value we offer customers.

Let’s talk about next steps. There’s talk of large solution providers like Presidio and now Optiv going public. What are your thoughts on this trend, and do you expect to go public?

You have to ask yourself: What does that do for the customers? And my answer is, “not much.” Based on my experience working in public companies, I understand and appreciate the additional constraints and limitations being public creates. I don’t know why we would need to go public at this point.

I would advise people to review the history of Sealy, the mattress company. Sealy was bought and sold five times among various PE

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firms. They went from an industry-leading, prosperous company to one that was burdened with too much debt and too much focus on financial return rather than customer service. I see the same thing happening with some of the big companies that have had multiple transactions with PE firms. I’ll repeat my question: What is the benefit to the end customer?

What’s a piece of advice that’s influenced you throughout your career?

I’ve got two. First, business is a team sport, and in order to succeed you need to understand that everyone has a position to play and everyone is important. The team doesn’t work if one person believes they are inherently superior to others — you need to work, sweat, fight, and laugh together.

The second piece of advice has to do with making decisions. There is a great deal of effort that goes into making decisions. Every decision is made in the face of uncertainty. You take as much information as you can, and you make your choice. Many stop there, but that’s not the end. In my mind, that’s just the beginning. You’ve also got to make your decision right. Once you make a decision, you need to start moving in that direction. Unfortunately that’s rarely done. Most people make their decision and assume that everything is going to work out. And too often that’s a poor assumption. You need to go step-by-step, inch-by-inch, in a coordinated effort with your team to make the decision produce the results you had in mind when you made it.