

A man with short brown hair, wearing a light-colored striped button-down shirt and khaki pants, is sitting on a wooden bench in an office. He is smiling and looking towards the camera. The office has a dark wood panelled wall and a window with blinds in the background.

Small doses: Dave McKenna says Running Computers is committed to running a small empire.

Small business with big clout

Seven years ago, Running Computers 'resigned' 98 percent of its customers and downsized. Today, the business is more profitable than it's been in years.

written by Brett Haggard photography by Suzanne Cantale

Running a small business is no walk in the park, especially if that business is focused on the IT market and subject to the seasonal ups and downs of said market. In building a small business, the general plague is cash flow. Most organisations aim to grow into medium-sized businesses, where this problem can often be averted through better access to credit and bank overdrafts.

But what happens when your business grows to such an extent where you realise that it's not what you signed up for? Ask Running Computers managing director Dave McKenna, whose company experienced phenomenal

growth since its inception in 1995. Instead of going with the flow, the company decided to downsize and today, consists of a small, focused group of technologists with key accounts in the academic market. It's also regarded as one of Intel's key channel partners in the South African market.

McKenna's team gets to deploy the latest and greatest technologies every day, converse with clients in their language of preference, namely technical detail, and build the kinds of solutions some of its larger peers could only dream of. Running Computers is a poster child for the road less travelled.

McKenna says his company was flying high seven years ago. It had in excess of 500 regular customers and was struggling to keep up with demand. Instead of growing its skills base and taking the route that any normal businessman would, namely building it into a larger and more profitable organisation, every one of the directors concurred that they were no longer having fun.

"We took a long, hard look at our 500 customers, whittled that list down to the 12 customers we really enjoyed working with and took things from there. That one decision has made all the difference," he says.

Only adding eight customers to its list between then and now, McKenna says that Running Computers has built a customer base that is interested in the advantage that technology can bring to their businesses.

"We don't win deals on price. If that's what a customer needs, we're not interested," he says. "Customers that are interested in technology and absolutely have to have the best platforms and technologies in their businesses to maintain competitive advantage are perfect for us."

While the University of the Witwatersrand (Wits) is Running Computers' biggest customer, McKenna points out that the company's customers are spread across a range of vertical markets. Making technology work for customers is what blows McKenna and his team's hair back.

Small, dynamic, aggressive

Despite its size, Running Computers is a heavyweight in certain niche markets, like Itanium.

Playing in this space is challenging, since HP is not only very focused on this market, but has a vested interest in the platform. Being co-founder of the technology, the multinational gains new technologies out of the joint HP and Intel technologies group before other players do.

"Despite this, we haven't lost a single Itanium deal for which we've submitted a proposal," McKenna says. "Instead of targeting these solutions as risk replacement deals, we look at them as business critical cluster solutions."

Clearly this approach works. Running Computers has some machines in the field that haven't been downed in three years.

Another of the company's niche markets is storage. With its aggressive approach to providing cost-effective SAN-like storage solutions to customers, McKenna says his team is winning against some big competitors.

Running Computers is so passionate about storage, that it's about to gain local exclusivity to a software-RAID storage solution that's one of the recommended accompaniments to Intel's line of white box storage systems.

"In our existing customer base, we found that deploying servers with locally attached storage was a bad idea, since data wasn't easily shared between systems and the internal storage volumes were grossly underutilised. While SANs would be the logical solution to this problem, they're still

prohibitively expensive and the skills to support them are just not there," he says.

McKenna says that over the years, his company has worked with all of the big vendors in the SAN market.

"It seems that almost uniformly, each vendor's solution has mild nuances that prohibit specialists on one vendor's kit from being capable of working on another vendor's kit. This has meant skills are short and, as such, expensive."

So when Intel's storage appliances (an Intel server motherboard, chip and memory with a ton of disk space) came along, Running Computers jumped on board in a big way.

What made this so attractive, McKenna says, was the fact that one of these solutions allowed Running Computers to not only configure RAID levels in each chassis, but configure each

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Dave McKenna, Running Computers

device to act as a failover for the other in a RAID-like manner across the network.

"The solution from Left Hand Networks was great," says McKenna, "but sadly, it became too expensive."

Opportunity knocks

A small Polish software developer called Open-E and Intel South Africa came to the rescue.

"When the local Intel office heard of our need for another software partner on the storage front, they recommended we fly to their US headquarters and meet with the European software developer who would be there at the same time," he says.

"That meeting turned out to be extremely productive. While Open-E's solution had potential, it didn't have the across-the-network RAID functionality we required.

"They did, however, agree to build this in for us since a need as strong as ours obviously meant there was a strong demand in other regions for this functionality. It looks like we'll gain sole local rights to the technology," he reveals.

McKenna stresses that this opportunity will not force Running Computers into growing.

"We have no desire to go into software distribution. We'd much rather have a small lead on the market than end up being the sole local source that other providers have to buy from."

McKenna says that shareholders are happy with the size of the company and how well things are working. When it comes to profitability, Running Computers has never been as profitable as it is today – and it wouldn't easily give this up again either. 