



Richard: Hi everyone, Richard Tubb here with an interview. And I'm talking today to Paul MacNeill. Now, Paul is the Managing Director of Virage IT, a managed service provider based in Melbourne Australia. Paul's also the co-founder of Wise-Sync, a cloud-based integration service that synchronizes accounting data between Connect-Wise, and cloud accounting software like Xero, and QuickBooks online.

Now, Paul's got an extensive background in both IT and Project Management. And he's had a career that's seen him provide business process consultancy that's helped business in Australia to manage system performance, improve reporting and business intelligence. Amongst his business achievements, Paul

has been recognized with a spot on the MSP Mentor 501, he's ranked number 6 Global Small Business, and number 24th in the AANZED Region.

So I'm delighted to have Paul join us on the show today from Dae-Honda, how are you today, Paul?

Paul: Great, thanks Richard. And it's a pleasure to be on your show, number one fan alongside a number of other people out there that listen to your podcast. Certainly great to be here and to have open conversation about what we're here for.

Richard: Well, I'm really pleased you can join us today. Thank you for getting up early. It's late in the night here in the UK, early in the morning there in Melbourne. So I do appreciate you taking the time.

So I'd like to start out really by understanding your background as Managing Director of Virage IT, what led you to becoming Managing Director of an MSP?

Paul: Well, I think it's certainly one of those things that if we take a step back and look at probably how most technicians start out in business, I was a young guy working for an accounting firm in Australia and I looked at the opportunity to start an IT consultancy business on the back of a—it was an SPSS 2000 install back then and I saw this as an opportunity; "I could do that." I could take this opportunity and start up my own business. Entrepreneurial flare, and here I was thinking it's going to be easy to start a business.

So that was 2002 and here we are close to 13 years later, actually 13 years now, looking at the global markets and the opportunities that present to MSPs. We're seeing a great excitement and somewhat trepidation as well but my start in the managed services industry was basically as a result of seeing that opportunity and grabbing it with both hands and going along for the ride.

Richard: Now, I'm very intrigued, actually because you've got a background in business processes I alluded to in your introduction there. You've also got a lot of experience in accounting, how did that lead to you not only being an MD of a managed service provider, Virage, but also co-founding Wise-Sync.

Paul: Well, that's I guess if we have a look at the natural progression of business process, it's about looking for systems and improving performance. So Virage is actually a French word. It's a French word that means, "to turn." And we looked at—when we were branding, we were going through our exercise of branding a couple of years ago when we formed into the business Virage we

actually came up with the idea of performance efficiency results, and that's I guess our byline for our brand promise.

And part of that is really understanding when we work with businesses who are our managed services customers that we're not there just to get their Outlook working, or fix printers, we're actually looking at how we help them to turn their efficiencies around. Because unlocking technology can often result in improved profitability. And if you think about it from an altruistic perspective, if you help your customers to become more profitable, thereto you become more profitable in your own right because you're helping your customers to grow, thereby increasing your own demand.

So certainly, the accounting side was natural a focal point from my perspective. I came out of—I worked closely with global [00:03:48] body called CPA Australia. And I was instrumental in developing an application that was used in that business to manage a 20 million dollar business unit. And we were doing forecasting, and financial modeling, and all those wonderful things that an accountant would get excited about. That I wasn't necessarily completely an accounting body, I wanted to be someone who could help businesses achieve more, do more with less, that whole concept. And that's something that's really becoming more apparent.

So it was probably around 2012 when we were building Virage as a business that I realized that cloud accounting was really starting become a common theme. And having an accounting background, and working closely with accountants for a number of years, I saw the opportunity there that these technologies that were coming through, and Xero is a really early adapter in the Australian market. I first met one of the founders of Xero back in 2009. So this is three effectively after they formed the business and created their first product.

So it was very early days. But I could see just how they were actually shaping the way their product worked and what they were doing differently against other products that were in the market whether that's QuickBooks, or whether it's Sage, or whether in our local industry here in Australia, it's MYOB. And what I found was that we're changing the way the process worked.

And being a process person I really wanted to focus on how that would actually work for an accounting perspective for our MSP. We were growing, it was becoming more and more of a pain point for our business, managing that financial transfer across from Connect-Wise to our desktop accounting system. It was clunky. It

took a lot of time. And we were starting to see that well, if we're going to have more work, and our growth would increase, we would have to put more staff on. And it just didn't make sense.

So when I started looking at the cloud, I started to understand that there would be more efficiencies and the only challenge we had was there was no integration.

So if we were going to use cloud accounting in our business, we would have either find someone to write the integration for us, or potentially write it our self. And naturally, we took the latter path and we're talking close to two years later, we have pretty much a global platform used by other 250 partners. And that's Wise-Sync. Wise-Sync is about helping businesses to move to the cloud.

Richard: So let's dig a little bit deeper on something that you said there about the cloud accounting packages. Now, I think given your background, and certainly for myself, and for a lot of listeners of this podcast, been brought up using, dare I say, traditional accounts packages like Sage and QuickBooks. So why did you make the move to cloud accounts? If you could summarize what the benefits of cloud accounts over traditional packages, what did you see in it?

Paul: Well, it's interesting, Richard, because one of the key things—and I've actually done a number of sessions called "Upside Down Accounting," and that's one of the sessions I'm presenting at IT Nation this year, and that session is about how Cloud Accounting is changing the way businesses actually manage and maintain information they need to keep from a compliance perspective whether it's tax, or whether it's payroll, or whatever it may be.

And Xero is really a front to this Upside Down Movement. I don't want to get too in-depth but in a summary sense of it, it's all about bank reconciliations. If you're an accountant, you probably know what I'm talking about, it's a reconciliation of your bank statement lines through the transactions that are effected in your accounting system whether that's Sage, or whether it's QuickBooks online or Xero. Every system has some form of reconciliation.

But if you stack up all the systems side-by-side and look at the processes you'll see that most of them have double and triple handling of that single piece of information. Whereas Xero changed that by actually bringing the reconciliation to the top, turning it upside down which in turn means that it reduces the steps. Reduce time, reduce effort, reduce process. That means that you save, time, effort, and money. And for us that was a big step.

We doubled in size through acquisition. We acquired another business. And it was a huge growth curve for us. We went from 1.3 million to a 2 million dollar business overnight. And we actually reduced our admin team by half through having a more efficient, effective process to back of house. And if understand your financials in business you'd probably understand that if you can reduce non-recoverable staff that goes straight to the bottom-line. And that was really critical for our performance to make that happen. So moving to the cloud delivered on that specific outcome and it was through process reengineering by doing something different. And that's what Xero really changed for the market.

If we look at desktop accounting systems, we came off it as top platform. And the challenge that we had was running it. It was taking up resource space on our terminal server. We had to keep trying resources at more RAM, more RAM, more RAM. It just became this hungry beast as our database grew.

And with cloud, obviously, it's everywhere. So you can use your iPad, you can use a MacBook, you can use a Windows device, even an Android. You can use anything to access that platform because it is obviously web delivered. So the flexibility for people to become more mobile, to work from home, to work abroad, even to work collaboratively with your accountant.

We used to think it was a nightmare to send our accounting file to our accountant. So every quarter we have to pack our file up in a zip file and we'd have to ship it off to our accountant. They would open it up, they would do their end-of-quarter reconciliation for our tax requirement. Then they would send it back to us. And it was a disaster as we got bigger, that pain became more. And what we wanted to do is we wanted to reduce that because that meant time, and time is money.

Richard: Wow, so the last two, three minutes or so, I would challenge anybody to go back and listen to that because you've just given in a nutshell, such a compelling reason to move away from desktop accounting across to the cloud-based. So for any MSPs listening to that, you rewind this bit of podcast, take a note of what Paul said there. Because if you want to go out to your clients and actually talk about cloud accounting and the benefit, I think you've just summarized that there. Thank you so much, Paul.

Now, let's dig a little bit deeper there because I myself use Xero. And I also use Cash Flow, a UK-based cloud accounting package. I'm seeing a lot of

resistance from accountants here in the UK to cloud accounting packages like Xero. They seem to prefer to stick with Sage.

And I guess there's a number of MSPs, IT companies, IT consultants who listen to this, may understand the benefits of cloud accounting packages, may want their clients to move in that direction but their clients are going by what their accountant say. And if the accountants want to stick with the desktop accounting packages that's going to prove an obstacle. What advice would you have to give to IT business that are in that situation?

Paul: That's a really great question, Richard. And I think probably the most important thing to look at is what drives human behavior. And before I get into my Psychology routine of understanding what people do, and the reasons why they do it, change is a frightening prospect. That's the one thing that I can really say.

If I look at the history of Accounting as an industry, it's been very restrictive. It's been very slow to move and change. If you look at the way that that industry operates it's compliance-driven. It's all about managing information in a restricted, in a conformed way. So if we think about an accountant, tend to be less willing to accept change, less willing to accept risk. So they stick with what they know.

And one of the things that we found in our business by making the transition to a cloud accounting product was just efficiencies that we could see in dealings that we had with our accountant. And one of the, I guess the basis behind that is we actually then selected an accountant based on their willingness to work with that technology platform.

I'm not saying you should change accounting firms because of that but what I'm saying is that look at whether or not the accounting firm that you're working with is actually able to provide you with the services and support that drive you into the next millennium, the next phase of your business.

Because for us it's about, it's a technology, it's about now. We're in that industry of change and evolution. And if we stick in what is current from an accounting standpoint, we're never going to move forward. We're never going to get the efficiencies that we need. And that's going to hold us back.

Our industry's been compressed. Compressed in margins, compressed in competition, compressed and commoditized in the value of the service that we provide. And I'm seeing that every single day through our own MSP that

we're competing against companies that are offering services through off-shoring. Low-cost, passing that straight through, devaluing their own services, and their own support that they provide.

And that's one of the thing, if you're compressing these areas, you're reducing your margins, you're reducing your profitability, you need to start looking at savings across your business. And having efficiencies in back-of-house functions can be one of those areas that you can actually get real value. So reducing efficiencies is key.

And it came back, if I use a little anecdote, if I can, or an experience, Richard, when I was at a Connect-Wise user group—it was probably only about six months after we launched Wise-Sync—and it was one of those things, we weren't sure of how this thing was going to go. We had about 35 partners at this stage. It was a new business. It was an idea that we had. We just didn't expect it was going to become a business in its own right.

We had an idea it would be a product and that it'll be something that Virage would probably sell and potentially, obviously go to market with. But we just didn't expect the level of engagement that we had. And really the tipping point or the turning point of where we realized that this product has global reach.

And significant potential was when one of the Connect-Wise partners, his name was Mick, and Mick came up to me. I didn't know him from anything. I've never seen him before, never met him before, didn't even realize he was a customer. He came up and he just stuck his hand out and he said, "Mate I've got to thank you so much. You saved me 50,000 dollars a year."

I'm like, "Whoa, who are you and what have you done? How did we do this?" And he says and he goes, "Pall, you have no idea the process changes and the efficiencies that this has created." He's a guy that he's one of three people in his business, very small business. He was able to reduce his headcount by one and that reduced his admin overhead. He was able to take on administrative nightmare simply and efficiently. And that meant that he was able to save money in his business, 50,000 in his pocket was a big difference in his bottom-line.

Richard: I think it's a big difference in most people's bottom-line, isn't?

Paul: Absolutely.

Richard: So that's a great story. Let's talk a little bit more about cost-savings from the cloud, you shared a story with me before about Power Net IT Consultants, a business with 50 staff who made the move from a traditional desktop accounts package and ERP to Connect-Wise and Xero and made huge savings. So for the benefit of the listeners, could you share that story a bit?

Paul: Certainly, I don't know how far we want to go back but if I take you back to the time where I actually met Mick at one of the Connect-Wise user groups, so I was presenting upside down accounting, so this was early days, 2013 when we were talking about how the cloud was changing and what we were doing from an Accounting standpoint. And what [00:16:01] us up was the way in which we managed our financial information flows from Connect-Wise.

So for the Connect-Wise partners out there, if you're not using procurement and inventory you have to start using because that's one of the key efficiency drivers in our business. And I spoke about, in that particular case, how we even put the cookies in the kitchen through Connect-Wise. So when we buy anything everything gets procured through our procurement module in Connect-Wise whether it's general expenses per operational requirement or supplies for the kitchen for that matter.

And here he is prepped up and he was like, "I want to hear more about this," and he approached me after the session and said, "We're 50 business we're moving from another ERP platform which is entirely contained so we don't have any other systems. It costs us a fortune to run this platform. We're moving to Connect-Wise, we're implementing [00:16:56]. We were thinking of QuickBooks but I'm not sure if that's the right decision or if that's the right answer to our problem."

And I asked him to explain, "Well, what is it that you're looking for?"

And he said, "We're multi-office, so we've got three offices in Australia. We have one in New Zealand. We trade in multiple currencies. We want to see roll-up reporting from our profit and loss and our balance sheet. We want to manage depreciation for all of our cloud infrastructure and datacenters across Australia. We want to have all these information and we want it to be easy. Could you do that inside of Xero?" Remembering that this is a 50 years of business so probably turnover that stage was more than AUD 15 million, so decent size.

At that time, we actually sat down and we mapped out what would be required. And that business transition from their existing ERP system to Connect-Wise, Quasil, and Xero. And through that process, now we're actually able to reduce their staff and operational efficiencies, so they created more efficiencies. But not only that, their licensing costs alone reduced by tens of thousands of dollars because they were able to implement an accounting system that was now costing them a thousand dollars a year. And that wasn't user-restricted.

So not only were they getting licensing cost reductions, they were also getting staff cost reductions. And I catch up with him quite frequently just to understand what they're doing because I love to talk to businesses about where they're going and the challenges that they're facing in other areas that we can help improve our product because that's how we actually deliver the most value.

And what they've just said is wise thing for us is to just change the way we do business. The Xero reporting is phenomenal. The roll-up reporting from companies, spotlight reporting is fantastic. They've got departmental reports that they can run and see operational efficiencies cross posts. State and location, and also departments, so their business unit reporting capability from Xero to delivered out-of-the-box through that integration.

So it doesn't matter whether you're a one-man band working and turning over £ 100,000 or \$100,000 or if you're turning over 20 plus million, Xero has scaled exceptionally well across business of all size, currency, and location. So it's just one of those things that we've been able to actually identify in our business model and say, "Great, well here's a platform that will out scale us." And that's powerful.

Richard: Yeah, I mean, that's a powerful story you shared there. And I know for the benefit of anybody listening here that wants to dig more into that, I guess it's a case study isn't that you've got listen on the Wise Inc. website there for Power Net, would that be right?

Paul: Absolutely. You visit our website www.Wise-Sync.com jump on to the Partner Stories. There's four video stories there, various different partners, HTG Partners that have just changed the way they do their business management and their financial back-end from desktop accounting to cloud. And the stories are compelling.

Richard: And for the benefit of listeners, I'll make sure that the links to those stories are in the show notes as well on the blog.

Let's talk a little bit more about Xero. So here in the UK I'm seeing a boom in small business using Xero. When I say small businesses, I mean, not necessarily IT businesses. As a business, I think I've got a really thriving community, Xero community. What's your experience with Wise-Sync and Xero's been? What's the partnership there been like?

Paul: Well, the partnership's actually phenomenal in terms of our product and a platform. For us as developers the support has been outstanding. I really think that it's just their focus on the ecosystem.

I remember talking to Hamish Edward at—it was a convention in Australia called ATSA which is basically an accounting convention for technology. And at that event, this is back in '09, I was talking to Hamish, so I said, "What's your strategy and where are you going? Your products so light. There's not many features, Hamish, how are you going to take on the QuickBooks, and the MYBs, and the Sages of the market? These goliaths?"

And his answer was, "Building a platform, Paul. And what we're going to do is we're going to build an ecosystem around it. What you're going to get from us is the core. And what you'll be able to then get from the ecosystem will be what you need. So then they'll be specialist companies that will be connecting to us." And that was the seed that was planted back in '09, specialist company that could fill a gap or a void to provide a more extensive level or support or solution. And that was I guess the [00:21:40] of Wise-Sync—where that came from.

And if I look at the API, it's built for programmers. So our development team here in Melbourne, Australia work closely with the API team who they've even got representations here in Melbourne too for us to work with. So from a development community, outstanding. From an educational standpoint, the content and the availability of information on the Xero website is brilliant.

And one of the things that comes up quite often when I'm talking with other business owners about Xero and the way that the business model works is they often say, "Well, they don't have phone support," and I think it's a brilliant idea because it forces you to actually look for information. If you have to jump on and log a ticket, it takes longer to log a ticket and get a reply than what it may to self-remediate, to find the information yourself.

And in probably the six years that I've seen Xero, and in the four years that we've really been using it, I had a number of businesses on Xero before we moved the main MSP, because we didn't have Wise-Sync for that matter, was we've only had to log a couple of support incidents. And that's been about anomalies in bank reconciliations. That stood out like the proverbial so we've gone back to Xero and said, "Hey, this doesn't look right. Can you tell us what's going on?" They've been able to dig into the system and see what's going on, and correct that for us.

In those cases, we've had a two-day resolution. You can't ask more than that. And that's one of the things that we've found, the support is exceptional. But the benefit is, from our perspective, the product itself is simple and easy to use.

So we've seen managed service companies, if I go back now to a little bit about the type of people that use Xero, you mentioned small businesses. And small businesses is their market. So when we were looking at Xero as a viable business platform for our business we had to make a decision, is this platform going to scale well?

Everything about their website is about small-micro business, moving from the shoebox of receipts to an online platform, and you can do that cost-effectively. If we just rewind a few minutes and go back to the story about Power Net, there's a vast difference between an office or there's a vast difference between a business with four offices in two countries, trading in two currencies with 50 staff processing payroll in a platform that's designed from a company that's moved from a shoebox to an online platform. It's almost it's like they don't connect. And that's one of the things that's brilliant, Xero's been built to cope with enterprise transactions—so to cope with that size of business. But then marketing at the small business.

And you don't need a Harvard business degree to understand why. The answer is there's 11 million business in that small-to-medium-size business space. If you're looking at enterprise systems that number goes down to probably less than a million. So your opportunities are far greater at that small business space. And that's just looking at smaller regions like Australia, New Zealand, and the UK.

The US is a whole different world. And I think that's where you're seeing a lot of the press, a lot of the coverage about Xero entering that market space in the US. And it has been hard for them because the US is so slow to move.

If you know anything about taxation in the US, there's over, I think it's 7,600 taxation authorities. You and I have a simple tax model, VAT or GST for us, it's a flat-rate tax. It probably changes on maybe the different types of products that you buy and sell. In the US, it can change based on the city that it's sold into. And that's just a nightmare trying to manage and administer that. And certainly from a ConnectWise standpoint, Wise-Sync has been built to support that level of complexity in taxation as well.

Richard: Yeah, it makes a lot of sense. I want to dig a little bit deeper into the Xero community and what the opportunities are for IT businesses. I'm quite fortunate. I work with a lot of very progressive, forward-thinking MSPs and they're going out there and they're embracing Cloud accounting such as Xero and helping their clients come on board with that as well.

Yet, are we speaking to – one of my clients who's really made a business at Xero, in fact we're talking about a man named Jonathan Fox, the MD of Flying Fox IT and MSP based in East Sussex. Jonathan was saying when he attended the Xero Con, a conference for Xero partners in the UK recently, he was flabbergasted to find he was just about the only IT business there.

I guess, my question for you Paul is are MSPs missing a trick by not getting involved in Cloud integration.

Paul: I think it's a really interesting name, Flying Fox. We all love a good flying fox. Yeah, for us it's about the opportunities there in any vertical market that it defines is basically what you want to make it. And it's fantastic to see that Jonathan, looking at that market, participating as a vendor at the Xero Con. Was he a vendor or was he more of an opportunistic – he went along to see what was going on?

Richard: No, Jonathan who has business there, they partnered up with a bookkeeper and accounting business there to basically offer Cloud integration services to both sets of clients and to both parties there. It's an old model actually. Even you and I go back a while and we look at the US especially. You can see accountants and IT companies teaming up.

But I guess Jonathan, Flying Fox is taking that to the market from the Cloud integration perspective. He was there as a Xero user and a Xero partner.

Paul: Well, that's fantastic and to have that level of connection with a vertical market, I've seen that happened and worked really well here in Australia. In fact, there's another company in Australia called Technology Pure

Accountants. You can probably understand with a business name like that what their vertical is.

But they definitely focus on that vertical and they definitely have presence in those types of events because they potentially are your best clients. They are a progressive industry. They're looking at new opportunities and new technologies and finding your position in side that market, this is a huge growth market.

If I look at the numbers when we first looked at Xero, and I don't want to keep hopping on just Xero alone because there are other Cloud accounting platforms doing great things, too. But if I look at what Xero was when we started, we signed up those 40,000 partners. So, 40,000 partners that was 2010 when we first signed to Xero, with some of our service-based trust that we operate.

In this particular case, when we launched into Virage, there were 70,000 partners that use Xero so two years later. We think before the end of that next year, there was 150,000 partners. If we fast forward just two years, there's now over 550,000 partners globally using this platform.

So their growth is hyper and you can just imagine the growth curve of a business that's gone from 49,000 to over 500,000 in that short time window and growing a \$2 billion SAAS business in that short time. That's all driven by the community. That's all driven by people like Jonathan that are out there who are presenting a technology movement and looking at a way in which businesses can embrace this type of technology to make themselves more profitable.

And we're all in business. We all understand that. Profit is so important. Now, if you haven't read some of the books out there about driving profits to the bottom line. I think it's Patrick Lencioni's book on Profit First. He's a classic example of that. That's one of the challenges that business owners have is driving profit.

Well, how do you drive profit? You can either reduce your variable cost. You can reduce your fixed cost so you can increase your revenue and hopefully the top line drops down to the bottom line which isn't always the case.

Technologies like Xero helps you to manage that process. I think that's what is really inflating that hyper growth. It's the fact that it's so needed.

We've been in the industry now for quite a long time, at least 10 years. I see stagnation in the technology evolution of accounting systems. They were just basically sitting on their lows and that's industry-wide whether it was the UK, Australia, New

Zealand or the US. Technology platforms weren't necessarily innovating at the speed that they are now.

It took Xero and a few others to disrupt and that's what became the focus point moving forward.

Richard: I want to change tack a little bit. We talked a little bit about Wise-Sync and we'll talk more about that. But you're going to be attending ConnectWise IT Nation in Florida. That's in a couple of weeks' time, isn't it?

Paul: It is, yes. It is. It's coming out very, very quickly. We are attending, we're launching a new product called Wise-Pay. We attended IT Nation last year as a vendor. We're very successful in handing out over 600 with Sync Ninja and Blazing Donut. It's funny because I see pictures tweeted around of people wearing our t-shirts in random places but I don't even know who they are. If you got a Sync Ninja T-shirt, please wear it because I'd love to see that sort of brand awareness getting outside of our community.

From a learning perspective, we went to IT nation last year and Xero was very new. People didn't know who it was. They had no above-the-line marketing. There was very little brand awareness in the US. We took ourselves out there as a start of something new.

What we came out of IT Nation last year was a list of barriers. The barriers were, "How do I process payments? How do I change to Cloud accounting and get on board? And effectively, what is it going to cost and how am I going to get there?" Those were the three areas that we had to find answers for.

Payments was a big one because credit card payment is obviously a preferred form of payment in the US. We need to make that simple and easy.

The on-boarding part was a little bit more complex because everyone is different whether you're moving from QuickBooks or whether you're moving from Sage or whether you're moving from NYV in Australia. We had to find a better way to help partners and to progress them across from desktop accounting to the Cloud.

The conversion process was certainly something that shouldn't be taken lightly. It's something that needs to be planned and it needs to be executed. And we needed to find those two answers.

This year we've come back with Wise-Pay. Wise-Pay is an online payment platform that integrates with some of the world's largest payment providers.

We've integrated with authorized.net, Braintree, Stripe and IntegraPay. Those four providers are our first set of providers. What that's going to allow us to do is allow partners to choose who they actually want to accept payments through. That gives them the choice to select whoever they want for their online payment platform.

What we're doing is we're changing the process by finding more efficient ways. Integrating to ConnectWise, Colossal, Xero as well as direct integration HTML buttons and email templates so you can put a 'Pay Now' button in your ConnectWise email template.

Richard, if you probably remember you can never change that invoice in ConnectWise at all. We've now worked out a process of integrating to the ConnectWise and Colossal interfaces. That now gives full transparency to accept payments from those two different payment sources.

But where we're making the big change is about automation. So we're giving partners the ability to manage direct debits and credit cards directly to that invoice flow through ConnectWise.

Because we have that direct integration into Xero and Quickbooks online, we can provide better workflow processes. If you use Colossal, you probably know the challenges of accepting upfront payments and what that means. You just stand up with a chunk of money landing in your bank account. You got to dig through three systems to try and find what that money relates to.

What we've done is we've identified the process. As part of that, we actually create the prepayment for you in your accounting system as part of the transaction as soon as that person clicks "Pay Now". And that process is about reducing the amount of administrative burden that's required to accept credit card payments.

And so partners around the world, different regions have different rules. In Australia, one of the great things is that we can pass on the credit card surcharge.

We've been able to manage that process dynamically giving partners the flexibility to set the credit card surcharge that they like to pass on by percentage of the transaction amount but also giving them flexibility to call it something they

want. They might call it reward point accumulation fee or they can just call it processing fee, whichever one they want to call it.

The benefit there is they can have the flexibility to pass on a service charge if their area doesn't allow a credit card surcharge per se.

Richard: Paul, you're really going to clean up with product, aren't you? I mean, you're addressing problems here that were around back when I was a ConnectWise partner years ago. There are still big challenges for MSPs today.

Where do you see the product going in the future? What's the next big hurdle for you?

Paul: Well, the biggest hurdle for us is about getting the product right because we've been focusing so much on what we do and how we want to improve process. Now we have that product which is just going to market in a private release and the feedbacks been phenomenal.

Our big launch for IT Nation is Wise-Pay so you're going to see that on the lanyards. You're going to see there's a lot of – we're going to have a lot of exposure, a lot of activity happening around our new product launch because we're excited.

But where we're even more excited about IT Nation is we actually got the GM of Xero coming down. So global manager at Xero, Jaime Sutherland is flying into IT Nation for us to come and talk about their experience in building a \$2 billion SAAS business; something that we just can't believe that we've got a global head of company willing to come and share with us and share with our community, a small community of ConnectWise partners what they actually did and share those anecdotes.

I'm just pumped about that in itself because he's a guy that's worked at Sage. He worked at Sage for a number of years in the small business department. He was obviously brought across to Xero to head up the US division. He was the president of Xero up until six months ago but now he's the global GM. I think that's a pretty good indication of the level of output that he had at Xero.

If you look at that growth curve and the excitement that's being built in the UK, it's really a testament to that. If you're coming to IT Nation, make sure you book into that session because it's going to fill up very quickly and it's something that we're excited about as well.

To answer the question, are we really clean up with this product. Well, that wasn't the reason why built Wise-Pay. We built it for us first. We needed it because we were wasting so much time reconciling the direct debits that we would charge every month through our agreement customers. There's about 90 of them now, managed services business.

That was an extensive process. That was basically completely eradicated by building this product. It may only be six hours a month that we save by pulling that time out of the admin team member but it's about accuracy. It's about making sure that what gets charged is correct, not missing to update a direct debit from one of our customers.

We do have some fairly huge amounts that we debit from our customers. So the last thing that we want to do is accidentally debit them twice or potentially have the wrong amount and have to try and manage that process to reconciliation.

For us, it's about solving problems. Wise-Sync was that first. Wise-Pay is the next forefront for our technology change. That's what we're seeing that the product in its own right is really going to change managed services companies accept payment, as part of that, improved cash flow.

If you know anything about finance management in your business, there's two key drivers to liquidity and that's day sales outstanding and obviously getting paid. Those two things are keeping your AR low.

If we look at what you can do at keeping your business, if you have an exit strategy and you're looking to really maximize the value, those two key values are going to help improve your multiples of earnings because VSO is one of those factors that businesses look at for viability. The fact is that you've got low sales outstanding therefore you're keeping that money moving through your business and that helps in the valuation prospect as well.

Richard: So it's clear from our conversation that community is very important both to your businesses there. You're a ConnectWise partner; you're a Xero partner. You're also a partner of HTG, Heartland Technology Group that we've talked about here.

My MSP back in the day when I was in MSP, I know I was a ConnectWise partner and a member of HTG as well. For the benefit of listeners, tell us a little bit more about those two relationships – ConnectWise and HTG, those

communities. How did that help your MSP and how did it help Wise-Sync as well?

Paul: Definitely from a business perspective, I've been in business now for close to 15 years. When I look back over the last two years, it's where I really started to get a level of maturity in terms of what it is that our businesses are doing.

We grew very quickly in Virage. We nearly doubled in size in that time track position. What we're looking at now is obviously the next five years strategy.

I've always been someone that set goals. I always set little targets that I'll be working towards.

But one of the things that really changed the way we managed and the way that we looked to the future is HTG. That's because we actually had to start and sit down and work through some of those key areas, the life goals, the legacy plans, the business plans, the other things – the leadership plans, the things that matter in business.

Now they are the things that actually help keep you accountable as a business owner. There's a saying it's lonely at the top. Well, and that's true because you're not accountable to anyone else.

I look at HTG more as an accountability group. There's an opportunity to have a board where a board didn't exist; to have peers that I respected, hold me accountable on things that I knew that I needed to do.

That to me was one of the things that helped really grow Virage and continue to help grow Virage because we continue to look at the strategy, the plans to help us grow into that next phase of our business.

It's interesting because you see in the industry and you see around us some of the other products like Desk Director and IT Glue and there's a number of other companies that have come through the same places and MSP, built a platform and took it to market. It's interesting how that transition from MSP to SAAS is embraced inside of that community.

You see it time and time again that businesses that have similar values and can have similar constructs around what their industry is. We all use ConnectWise so we all have the same challenges. We all understand where we want to get to.

That's one of the great things about our product is we built it for us. As a successful MSP, other businesses around us in our HTG groups are looking at the same.

Well, Wise-Sync is in our brand now because look what it does even for simple things like preparing my SLI. If you don't know SLI, service leadership index which is the benchmark and framework that's used by HTG Group to keep us all honest, I have to say. It keeps us all honest because we all can present our financials in a way that's uniformed which is effectively to benchmark each business against the best in class.

As part of our process of making sure we're not spending too much time preparing our SLI, we developed a standard set of chart of accounts. We also developed a report that will produce directly out of our accounting systems, put the input straight to our SLI.

If you remember, Richard, the pain and suffering you used to go through in preparing your SLI figures quarterly...

Richard: I can never forget it.

Paul: You can never wash it away. The great thing from ConnectWise and Xero and Wise-Sync perspective is we have a standard structure with the correct setup and configuration and we have a special report that we've written for Xero. You can actually produce your SLIs in under a minute. And that's something that when we look at businesses around us.

In our HTG Group here in Australia, we probably got about 80% of the HTG Group here in Australia using Xero and that's a powerful testament to the fact that these businesses are all very similar size in terms of you have to be within a certain band to get into HTG. So therefore, we're all looking for efficiency that are being driving are really about getting systems to deliver outcomes more effectively.

Richard: For the benefit of listeners, if you want to know more about HTG of ConnectWise IT Nation, we'll make sure there's links to those organizations and those events within the show notes.

And also a quick shout out because Phil Claxton of Desk Director that you mentioned, was a guest on this podcast. Chris Day of IT Glue was a guest on Episode 10. So, two great interviews to check out there as well for two great companies.

There's going to be MSPs listening to this who perhaps are using traditional desktop accounting packages like Sage and thinking, "Well this all sounds great, this Xero stuff and Wise-Sync. These all sounds wonderful. But man, it's going to be a lot of work migrating our existing accounts away to a Cloud account in package."

What advice would you have to give to them?

Paul: It's not that hard. It's really isn't. It's a process that you can go through. We have special on-boarding plans. If you rewind a few minutes, you would have heard me talk about the challenges that we had at IT Nation last year.

Well, the challenges that partners presented to us and said, "We love your product. The things that you do are exactly the pain points that we have. We just don't know how to get there." And we couldn't give them answers. We couldn't say, "We're going to take you from Sage to Xero and it's going to be the best thing that you've done and you're going to thank us in the end."

What we had to go away was we had to come back with a process to manage that. The process is of course to offer a service to be able to deliver that particular outcome, to work with you closely on moving your accounting system from one place to another.

The process is very well laid out and structured. And we work with Xero's certified partners to help manage that process as well as having a clear understanding of what ConnectWise should and should not look like.

That's one of the biggest challenges we face that unfortunately most partners that are coming across to ConnectWise isn't in the best state. That's usually is they don't have the greatest understanding of how the geomappings work.

What we normally do is we actually give them the framework to operate inside out. We take our best practices that we implemented for hundreds of partners and many HTG members around getting that streamlined financial reporting into your accounting system.

[0:45:38.0] of visibility of your business is improved and that can only mean one thing – better, more financially astute business decisions and that's something that you should really take pride in understanding that. That's what businesses are getting out of moving to the Cloud, not just process efficiencies in that way.

Richard: Makes a lot of sense. Now you're very open and honest about your pricing and I've got to say looking at your website, I love the names that you've given to your pricing packages. For the benefit of our listeners, can you share a little bit about those now?

Paul: The pricing is one of those things. Like obviously if you look at SAAS products, there's all always pricing names. We went through what was called a brand journey. We understood what we were looking to do and we looked at the pillars of our brand and what we actually set to do.

What we were there do to do is to be the hero in the background, a ninja as such. Our primary plan is called Sync Ninja at that product is obviously all the features that you need if you're running inventory and procurement in ConnectWise.

But for the little guys that sort of scales down to the Mini-Me plan. We recognize that some businesses just have a very small requirement so they may only have to do 30 odd invoices or not. We've got the plans to help support different phases of business.

But we recognize that transactionally as you move up the tree, you're going to be doing more and more transactions. Therefore, you got to need to go to higher plans.

The Sync Ninja is really our premium plan. It's designed for really most of the businesses that we interact with.

But of course, we have Mr. Miyagi. Mr. Miyagi is whatever you need him to be. You can wax on and wax off to your heart's content. We basically build a plan to suit.

We've got a number of partners on those plans especially ones where they have multiple companies. So they have multiple organizations that they need to sync through to. Or if they're doing thousands of records a month, then that's where we need to obviously build a plan to support their requirement. And that would include factors of supporters as well helping to make sure that we've got a level of support because more complex environment have more complex needs and support. And that's not something you can address in an email thread. So, we obviously offer a phone and remote access support as well to those partners that need it.

Richard: Fabulous, I love it. Hey, Paul can I put you on the spot here?

Paul: Sure.

Richard: Can I ask you some rapid fire questions, if I would? And you don't have to give detailed answers but we'll just go for it.

Paul: Certainly.

Richard: The first one is you referred to yourself as both a technician and a process person in the past. What would you say you are now and why?

Paul: I would like to say that I'm a thought leader. Really the name process and the reason why I've gone from a technician and a process person to a thought leader is about helping businesses to understand the concepts and the constructs of what their business should look like and how they should use the technology that they already have to the most successful advantage.

I think that by being a thought leader, I work with people and I get so much enjoyment out of actually helping businesses to get clear alignment from their own inputs and outputs.

As [0:48:53.4] as what it sounds, accounting is something that although I'm passionate about it, my passion is about helping businesses to realize where they're going and how to actually get there through financial clarity and visibility.

Richard: Great answer. Fantastic! And you're definitely a thought leader. You've shared some absolute gold dust during this conversation so thank you for that.

Next question. Which book have you read that's impacted you the most and why?

Paul: That's a good one.

Richard: I did say I'm putting you on the spot here.

Paul: Yeah, I would have to say look, I'm not a huge book reader. I tend to probably read about the first 20 pages and get side tracked on a bit of miss everywhere. I have to say the book that has the most profound consideration in my mind is probably the Go-Giver of Burg and John D. Mann I think it was. That's a book that's actually given to every HTG member.

It's a small book so I did quite well with it and I finished it. It actually thought me some basic principles, the concept of giving first and you'll see the value later.

That was one of the things that I wanted to focus on with Wise-Sync by really helping partners to see that there's people out there that understand the challenges they have and have practical real world answers to the problems that they're facing.

One of the things that if you have a look at the ConnectWise marketplace, we've got 54 5-star reviews for our product. It's easy to get a review in terms of, anyone can click the 5-stars and click submit and say, "Hey, this product is really great."

But when you actually go to ConnectWise marketplace and you see the listings of the reviews that we have for Wise-Sync and you actually read them, you'll see that these are heartfelt messages of people saying, "You have changed my life through this application." I don't know any other accounting applications where you have people say, "I love you," in a ConnectWise marketplace review.

But the reality is what it changes is people suffer day in and day out with some of the manual administrative processes inside of ConnectWise and the single thing that we change, that we haven't even touched on...

So here's a little bit more gold dust for you, Richard. We created single record batches. What that means is every single record that you close and send out to your customers is batched individually in an identifiable batch inside of ConnectWise.

It doesn't sound like rocket science but I'll tell you what, the change that that made in our business and in many businesses around us is profound. If you have to reverse a single batch, it's a single record. That came from the payment frustration that I had many years ago in syncing to desktop accounting. I accidentally opened a batch that had hundreds of invoices in it. Then, I accidentally hit sync again and it duplicated the hundred invoices into my accounting system.

If you know most accounting systems don't let you delete records from them. So then you got to void or you got to credit them. So, I created two days' work for our bookkeeper just by a simple mistake that I made. That's one of the things that I have to find an answer to this because this is ridiculous. I cannot have this as a solution in my business and that's what kicked me in the pants and said, "Go and build Wise-Sync."

Going back to the book, the Go-Giver gave me the insight into how I should actually operate and really affirm the value that we present to partners.

We have a tiny, fractional, micro-niche market. There's 8,000 partners globally that use ConnectWise. All that probably only 750 would be in the market of using a Cloud accounting platform because most of them use desktop accounting or enterprise platform like Great Planes. Of those 750, we have 250 already using our platform.

We can see that growing and we can see that going through the roof. That's one of the powerful things that as a thought leader; is someone that gives to the community; is someone that our name and our brand is represented so well that people get really excited to represent us and wear that Sync Ninja T-shirt even if it isn't a ConnectWise event.

Richard: It's fascinating to hear you mention the Go-Giver book as a book there. It had a profound effect on my life when I read it. When people ask me the same question which book had the most effect on you, life-changing books almost, E-myth by Michael Gerber, Getting Things Done by David Allen – those two are around process. But the one that I always say the most is the Go-Giver by John D. Mann and Bob Burg because of the outlook on life, just the view it gives you, the change in how you go about living your life and how you go about doing business.

It's a common thread in most of the conversations I have with the most successful people in the industry which I count you amongst them. Really fascinating to hear Go-Giver is on your list there as well.

So, final rapid fire question and I'll let you off the hook, Paul. Who is the most successful person or persons you know and why?

Paul: You've got some good questions, Richard. Who is the most successful person that I know?

I have to say the usual, Richard Branson and all the other guys that we can obviously throw names out there. But it's a hard question to answer because everyone has success in different ways.

I have to look at people, even people in my direct vicinity like guys Chris Dave from IT Glue. Look at what he's done with fully managed and I aspire to that in my MSP business; to be able to have that level of commitment and clarity in his business that he has. And looking at other people in the industry even like

Arnie Bellini and David Bellini, the Bellini brothers who have obviously founded ConnectWise, a vision of building a platform that would help IT industry take it to the next level.

One of the challenges especially in our culture, it's called the tall poppy syndrome. That's when people that stand out above can often be cut down, in terms of the value that they present. We often criticize technology platforms because they don't do all of these. Product is aging, they're not changing quickly enough.

But at the same time, you look at these guys have built whether it's someone like Chris or the guys like Arnie and David. These people around us are building platforms and building enablement systems for us to actually go to the next phase of our business.

We use IT Glue in our business, in actually all of our businesses because we saw it as such a critical part of what we do. Without saying because Chris, if he's listening to this, he's going to be like, "Wow, I can't believe he names me as one of the people that I look up to." But definitely people in the thought leadership space that I aspire to be like are people that just go out there and make it happen – men of action or women. These guys are one of those. Congratulations, you've made my list.

Richard: Great answer. I should say Chris is a guest on Episode 10 of this podcast. We had such, such positive feedback about that interview. I can totally understand why you look up to Chris that way, just a great guy doing great work.

We're reaching the stage where we're going to wrap up the interview. I've taken enough of your time for now. But I'd like to ask you one final question, just on the subject of Cloud accounting packages. Are there any MSPs who are still manually running reports, importing and exporting data and going through all of the headaches that we talked about in our interview today, between their accounts and packages per say? What would you have to say to them?

Paul: I think they already got the answer. They know that they need to change. I think now is the time to take out a pen and paper or grab the calculator out of your drawer or type Calc into your Windows and bring the calculator up and calculate the value of your time; the time you spent wasting processing information to manual systems or potentially manually raking into your accounting system. It's just not worth the time and effort you spend doing it.

You can spend better time growing your business, focusing on things that matter. The process of change is not scary as what it seems. It's really about adapting and embracing that change. And in business, we have to do that.

I said at the start that our industry is changing where our margins are being compressed, our products are being commoditized. Everything about what we're doing has to change and you have to become more efficient. And the best way for you to do that is to look at some of those manual processes and look to technologies that can help you get to that outcome that you're looking for.

So in the Cloud accounting, without that, it has been the biggest, positive change in our business from a processing, from a business maturity perspective so it's time to change.

Richard: Fantastic. Well, look Paul it's been an absolute pleasure talking to you over the last hour. I really appreciate it, all the value bombs that you delivered today. I think there's going to be great feedback for this podcast.

If anybody wants to reach out to you directly or find out more about Wise-Sync or Wise-Pay or the Virage, how would they go about contacting you?

Paul: Certainly Richard put those details on your website because I'm more than happy for your questions or on a possible jump on a phone call. We do operate on the other side of the world to you if you're in the UK. Time is quite challenging. But certainly, I'm all about helping because I realized that the number of partners in the US are willing to have open conversations about the move from Sage to Xero and to talk in ways that you'd see on the ConnectWise marketplace.

Certainly Richard, share my details and I'd love to connect with partners out there that are looking to make positive change in their business. Because for me, that's the number thing that I look for, it's getting businesses to that next level.

Richard: Brilliant. Well, we'll put those details in the show notes. Paul, thanks so much for your time today. Really appreciate it.

Paul: Richard, thank you.