

Karl's 15th Annual State of the Nation Address for SMB

The Dawning of a New Era for IT Consultants

– Challenges and Opportunity

“Most people miss Opportunity because it is dressed in overalls and looks like work.”

– Thomas A. Edison

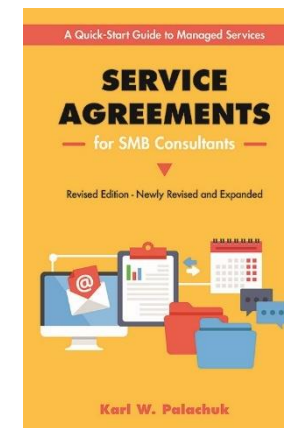
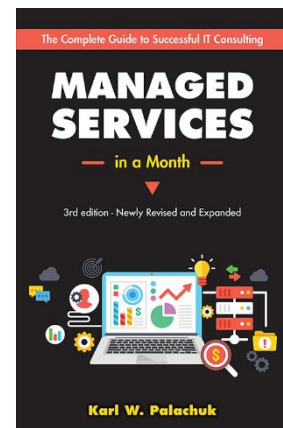
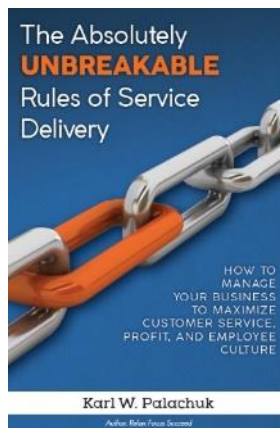
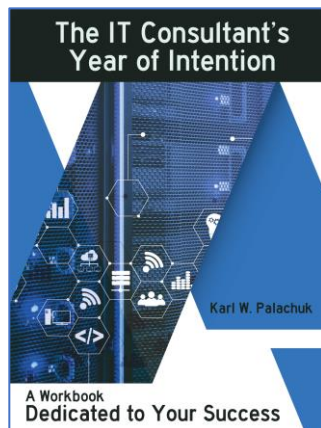
Karl W. Palachuk

www.smallbizthoughts.org

Karl W. Palachuk



karlp@smallbizthoughts.com



State of the Nation for SMB IT

100% Dedicated to Your Success

Karl W. Palachuk

- Small Biz Thoughts
 - www.smallbizthoughts.com
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- “karlpalachuk” on Facebook, LinkedIn, Instagram, etc.

A Little History . . .



Housekeeping

- Questions Panel (not chat)
 - No Questions on phone



- Chat is enabled: Feel free to talk about me behind my back. Please be respectful of one another.
- Yes, it's being recorded. 😊
- LinkedIn/Facebook Hashtag: #SBT

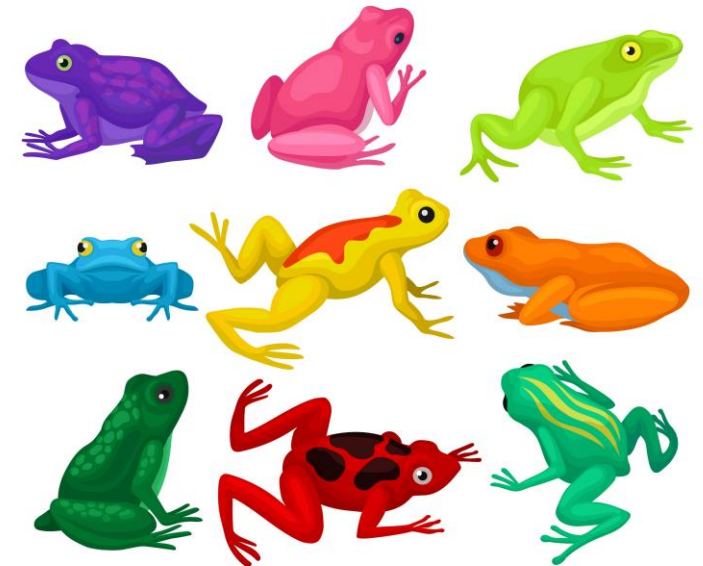
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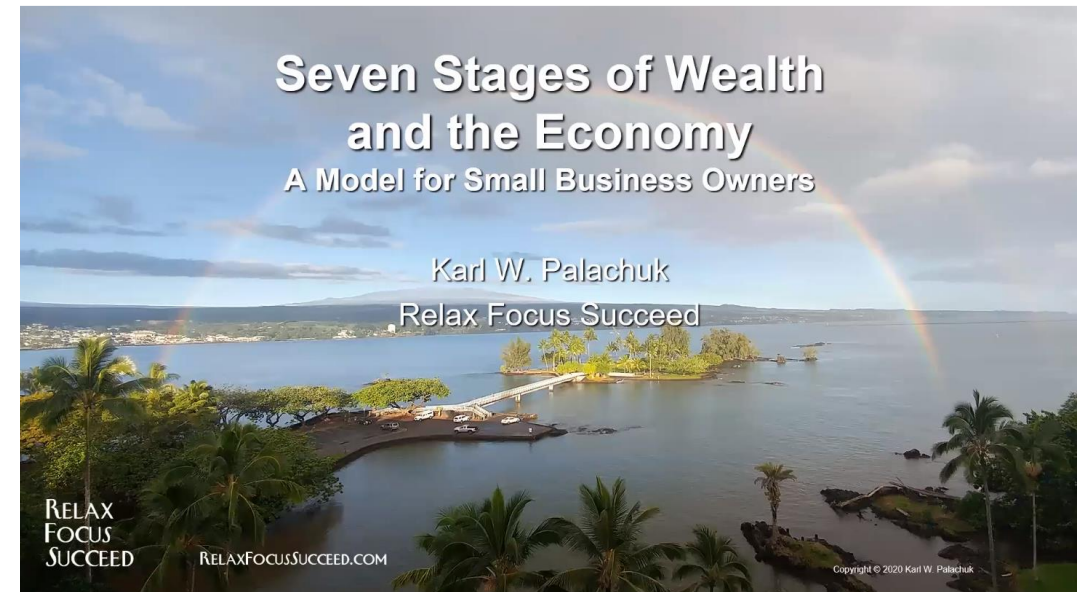
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- . . . But we do like to play with the toys



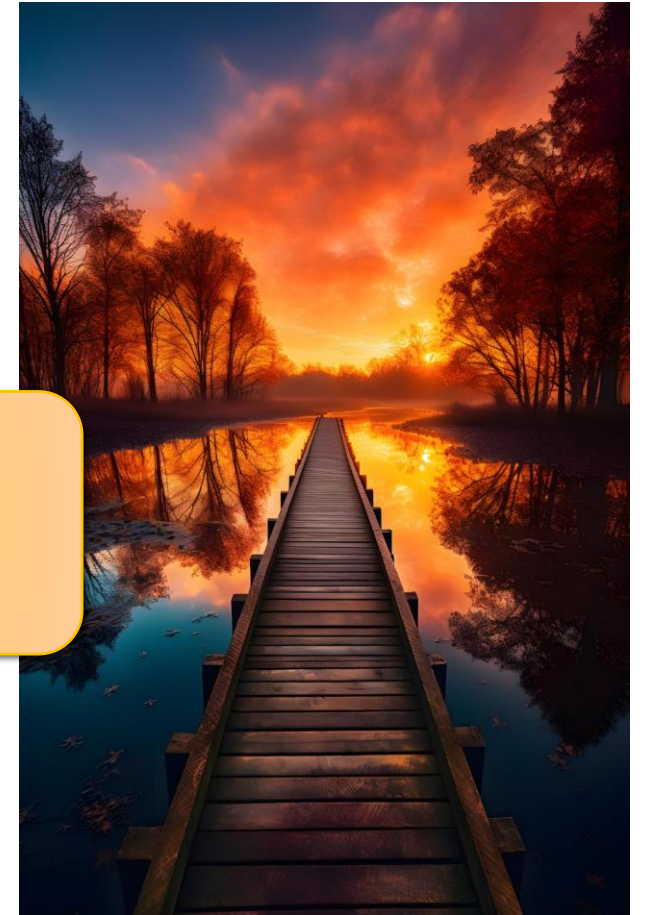
Today's Agenda

1. Announcements
2. Thoughts on 2023 / Thoughts on 2024
3. One big dire prediction,
and

The Dawning of a New Era for IT Consultants

→ Challenges and Opportunities

4. Q&A



Summary: 2023

1 SMB Online Conference
7 Live presentations
Visited 10 unique cities
In 2 countries

One Very Successful Community!

Plus 25 days of vacation, and a 3rd continent – just for balance!



And ONE new grand baby

- Ten 5-week Courses
- 136 blog posts
- 57 new Videos
- >20 podcasts
- 14 Webinars
- 75 Newsletters

AND . . . The NSITSP Grew Fast



National Society of IT Service Providers

- ❖ Hired an association management company!
- ❖ Massive progress in 2023
- ❖ Sponsored booths at many events – including SMB Techfest, ChannelPro, Xchange, and ITO Compass
- ❖ Great new series of webinars – AI Taskforce, Marketing, and more
- ❖ Growing fast – hundreds of new members
- ❖ Please visit www.nsitsp.org . . . and join today!



The Killer Combo:



SMALL BIZ THOUGHTS
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Just because you're in business for yourself
doesn't mean you have to go it alone.

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- Weekly Zoom meetings
- Members-only programs
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- Monthly Roundtable meetings

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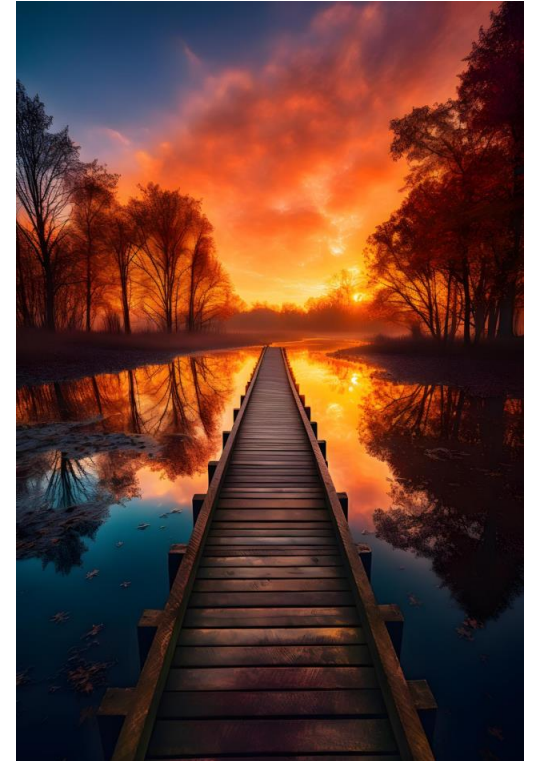
IT Service Provider University

- 25 Classes
- 100% focused on Managed Services and running an IT consulting business
- All new class for 2024
- Professional Certifications

The Theme for Today

The Dawning of a New Era for IT Consultants

Challenges and Opportunities



Economic Notes



*Artificial
Intelligence*

Elections 2024

The Economy

Global Trends

Labor Shortage

Private Equity / Private Finance



Disclaimer:

I'm not an economist, an accountant, a fiscal wizard, or a financial advisor. etc., etc., etc. Blah, blah, blah.

NASDAQ - 2022



NASDAQ Composite (^IXIC)

Nasdaq GIDS - Nasdaq GIDS Real Time Price. Currency in USD

Summary **Chart** Conversations Historical Data Options Components

⊕ Indicators ⊕ Comparison | 📅 Jan 01, 2022 - Dec 31, 2022 1D 5D 1M 3M 6M YTD 1Y 2Y 5Y Max | 📄 Interval 1D ▾ 📈 Line ▾ 🖨 Draw



NASDAQ - 2022



NASDAQ Composite (^IXIC)

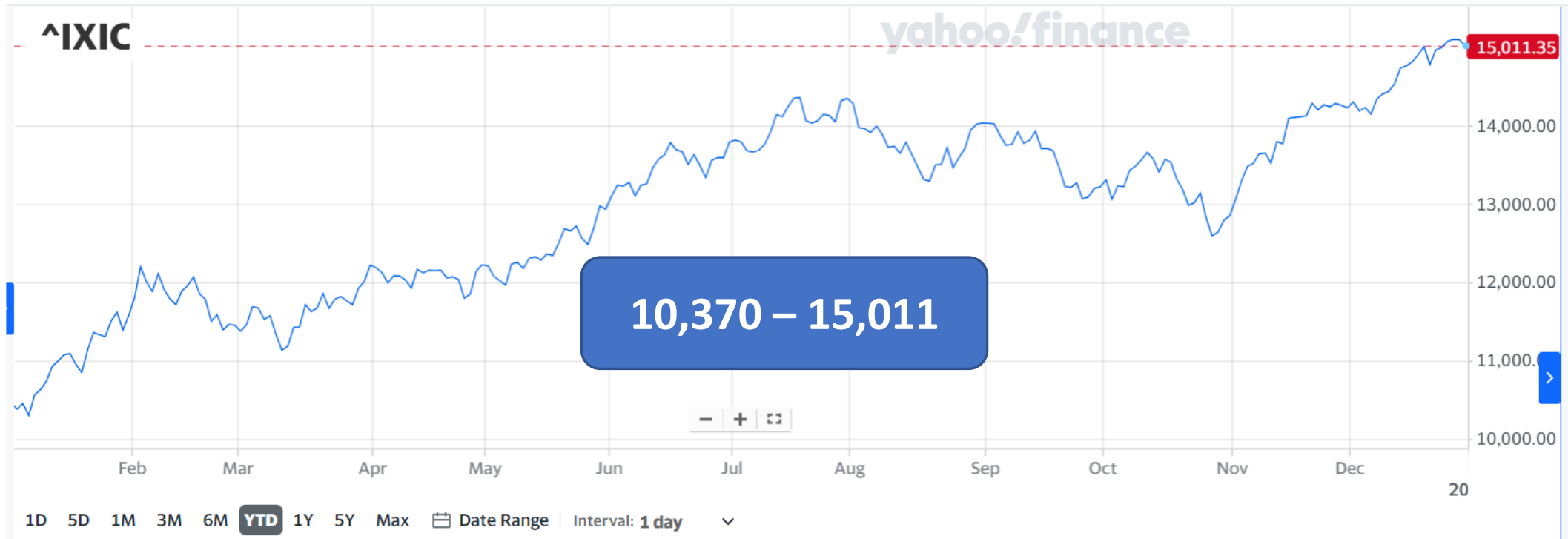
Nasdaq GIDS - Nasdaq GIDS Real Time Price. Currency in USD

Summary **Chart** Conversations Historical Data Options Components

Indicators Comparison | Jan 01, 2022 - Dec 31, 2022 1D 5D 1M 3M 6M YTD 1Y 2Y 5Y Max | Interval 1D Line Draw



NASDAQ - 2023



NASDAQ - 2023



The “Magnificent Seven” in 2023



- ❖ Alphabet
- ❖ Amazon
- ❖ Apple
- ❖ Meta
- ❖ Microsoft
- ❖ Nvidia
- ❖ Tesla



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Scorecard from 2023 Predictions



Looking Back . . . 2023



2023

- I have been talking about the M&A frenzy in our industry for at least two years – see the recordings – **Win**
- Education and Certification – **Win** (minor)
- Legislation and Regulation – **(Easy) Win**



Global Economy and Pandemic



2023

- ❑ Pandemic Down / Economy Up – **Win**
- ❑ Economy will be good for SMB IT – **Win**
- ❑ What I missed: The 800-pound gorilla of 2023: **Artificial Intelligence !!!**



Thoughts on 2024

1. Stock Market

- The economy wants to run . . .
The stock market wants to run with it!
- The stock market hates uncertainty

2. AI will hit it's stride . . . In 2024 or 2025

3. LOTS of increased spending on technology

- Beginning today and increasing



Thoughts on 2024

(Repeat advice . . . Forever)

- Stay focused on **YOUR** business in 2024
 - **NOT** the competition, the economy, the election, or anything you **cannot** control!



Deep Breath Before We Move On



I'll take questions at the end

Notes on Private Equity



Notes on Private Equity Habits

- VERY short-term perspective ← Most Important**
- Timeline: 3-5 years
- PE owned companies go bankrupt at a much higher rate than other companies
- Go into debt – to pay investors



Notes on Private Equity



The basic formula

1. Gather funds (example: \$1B)
2. Buy companies worth \$1B
3. Use those companies as “equity” to borrow \$3-4B
4. Cut and slash (staff, development, etc.)
5. Charge lots of management fees
6. If there are assets, sell them
... And lease them back
7. Bankruptcy



Notes on Private Equity



Not relevant to this conversation:

- Human beings: You, your employees, your clients
- Culture
- Quality of Products or Services
- Relationships
- Ethics
- Long-term sustainable business model

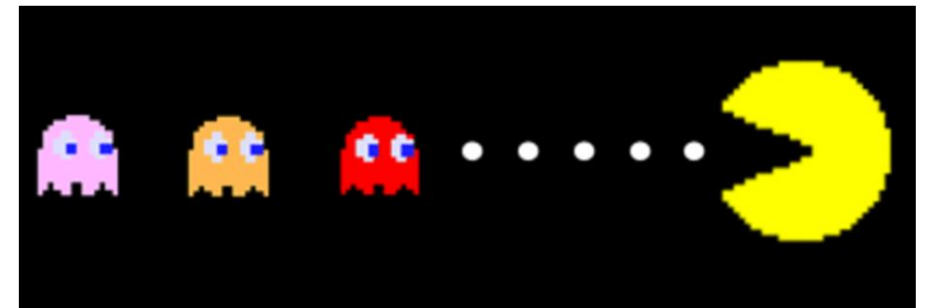


Coming Soon to a Vendor Near You



2024 SMB IT Channel

- Take PE to the next level
- Collapse and divestiture
- Attempt market domination
- Some of you will be left without one or more of your most important vendors



One Dire Prediction



The clock is ticking

Timeframe: 2024-2030



Stay Focused !!!

You are an economy of one.

→ Michael Gerber

Market against the huge, PE-backed companies

- Service, service, service
- Quality of support
- Committed to the relationship
- Strong culture and ethics



Deep Breath Before We Move On

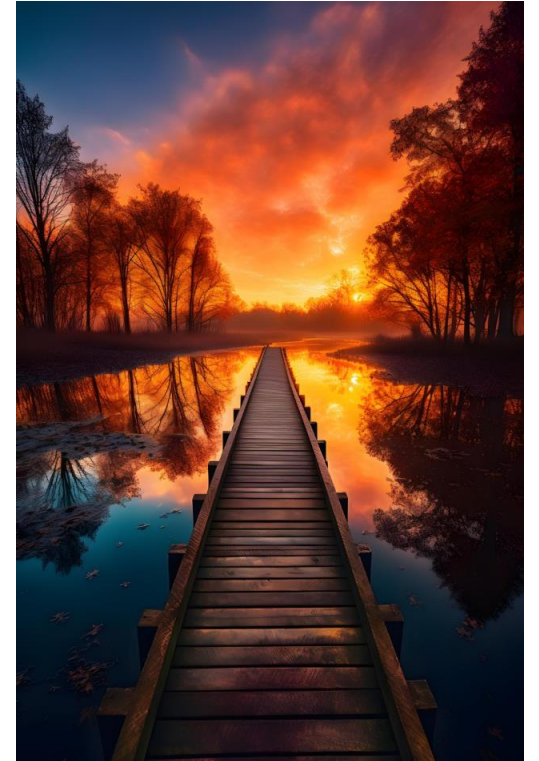


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The Dawning of a New Era for IT Consultants

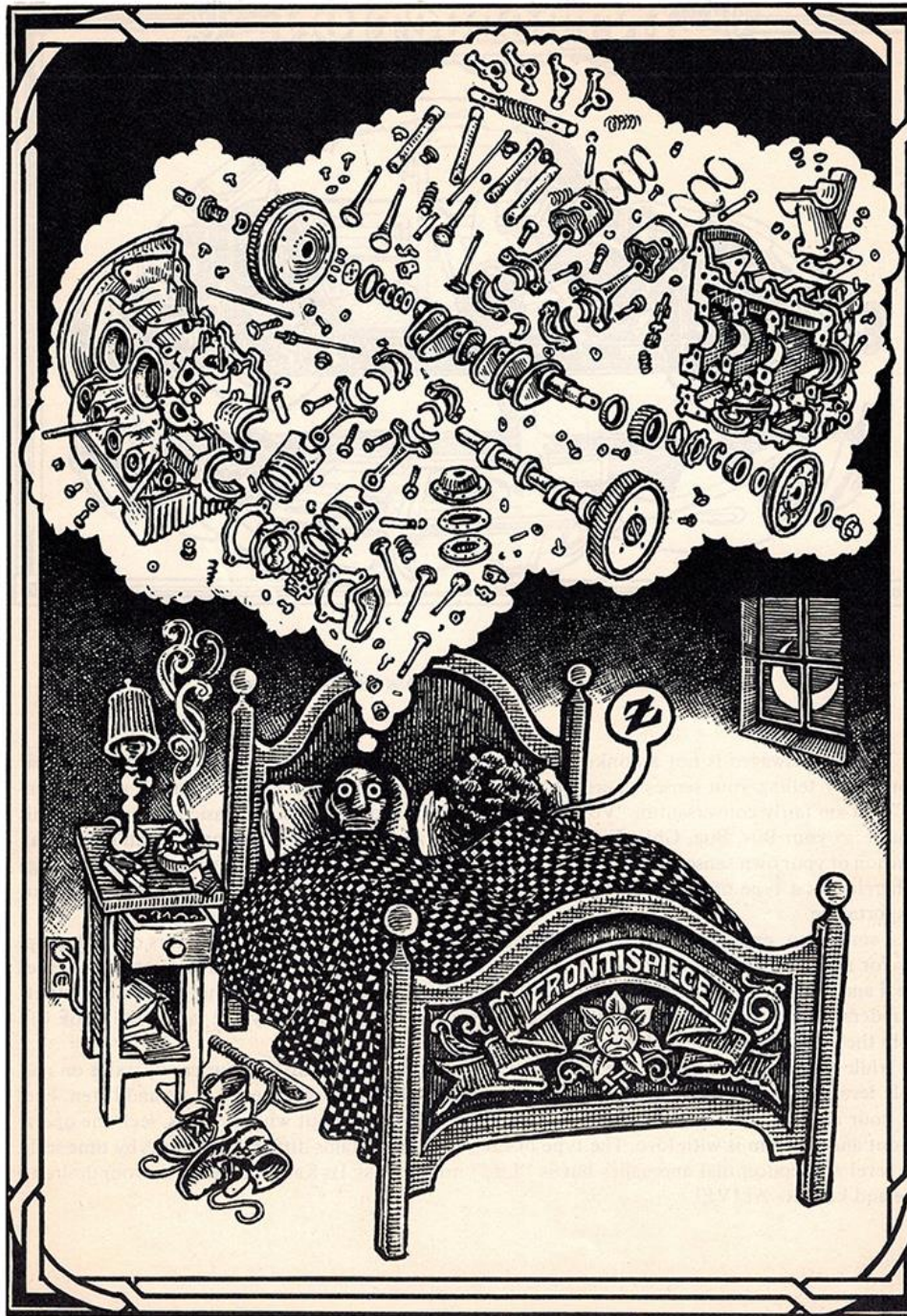
“Most people miss Opportunity because it is dressed in overalls and looks like work.”
– Thomas A. Edison



Your Business is a System

You improve things by improving the system

- Don't improve one component and break something else
- Empower everyone to help fix the system
- Automate wisely, with clients in mind
- Continuous incremental improvement



From: *How to Keep Your Volkswagen Alive – A Manual of Step-by-Step Procedures for the Compleat Idiot*
by John Muir

Classic Challenge (old view)



Quality – Money – Time: Pick Two

- How can you build continuous incremental improvement?
 - In service, support and overall offering
 - And keep it profitable



Your Marketing Plan Going Forward



Environment:

- Larger competitors
- Vendors who no longer care about relationships – and might disappear tomorrow
- Global uncertainty

Your Plan:

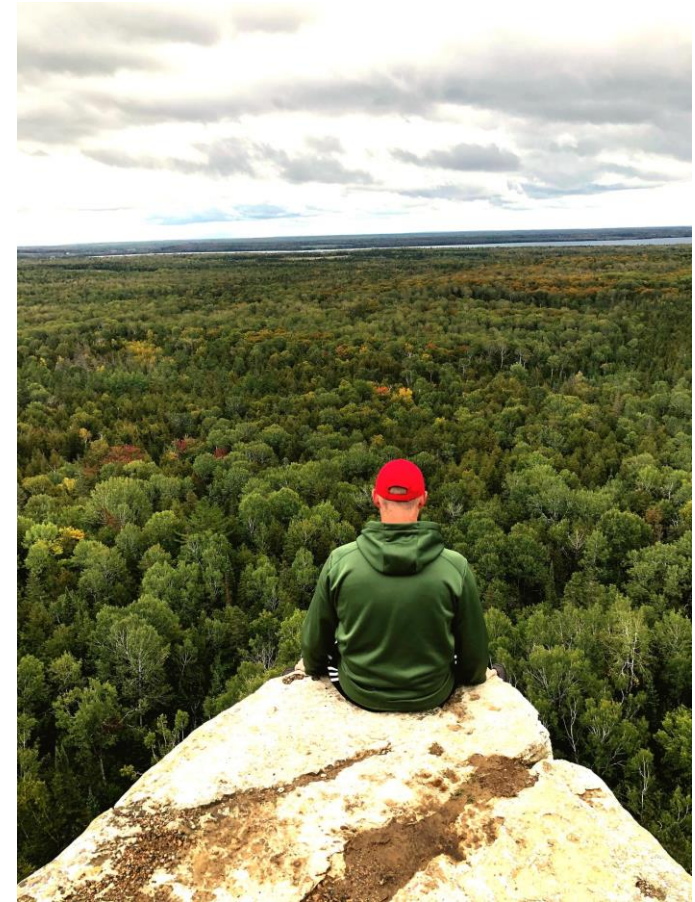
- Focus 100% on your business as a system
- Vet your vendors !!!
- Focus on your clients and your service
- Focus on your employees and culture



Step Way Back

Take the big, big view

- Focus on YOUR business
- Have a good business plan
- Create a great mission statement
- Build a team and a culture to deliver great service!



Questions . . . Comments?



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Nothing Happens by Itself

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