

**WIN MORE CLIENTS!**

7 ways to turbocharge  
your sales team P. 66

**KEEP MORE CLIENTS!**

How to really listen  
to your customers P. 52

# PROFIT

GUIDE TO BUSINESS SUCCESS

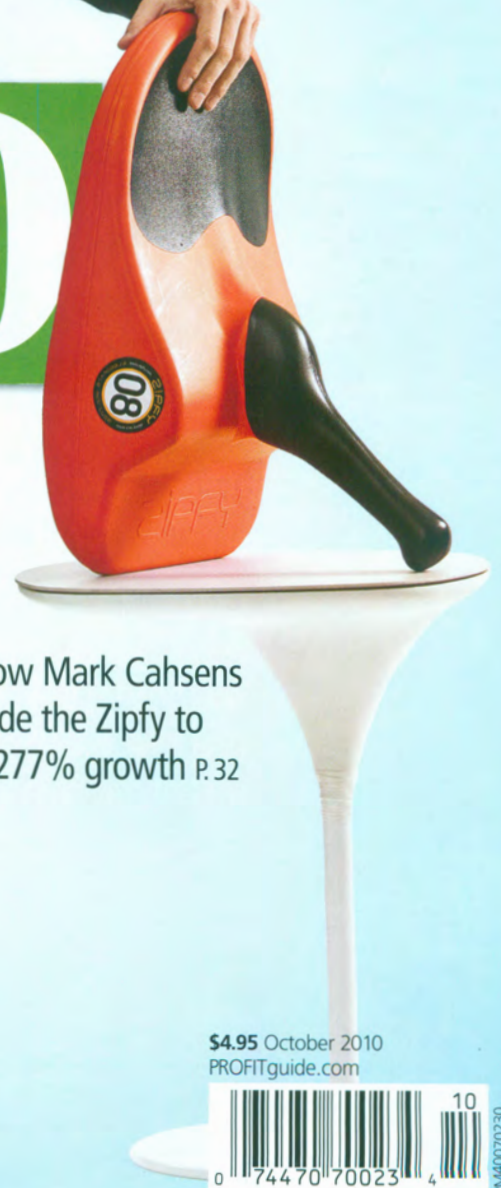
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# HOT 50

**CANADA'S TOP NEW  
GROWTH COMPANIES**

- The 5 essentials of successful startups
- Launch lessons from Canada's hottest company
- Top sectors and best practices

◀ How Mark Cahsens rode the Zipfy to 2,277% growth P. 32



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PULSE

## DOWN COLOMBIA WAY

With a Canada-Colombia free trade deal on deck, PROFIT asked three trade specialists to list the top opportunities and risks in the emerging hotspot.



**JOY NOTT**  
President, Canadian Association of Importers and Exporters, Toronto

"Emerging markets like Colombia have all kinds of different needs. If you're energetic enough to do the extra legwork needed to research the country, I think there are huge benefits to be had. But when you're dealing with emerging markets, you really need to think about possible risks in your accounts-receivable processes. And you need to make sure that when you're paying someone to deliver your stuff that you're not tossing your money out. You'll want the right insurance for those activities."



**STEPHEN BENOIT**  
Chief Representative of the Andean Region, Export Development Canada  
Lima, Peru

"A free trade agreement will open big opportunities for companies operating in three areas: advanced manufacturing, infrastructure development and extraction. Those are all sweet spots for Canadian companies. That said, we're seeing a lot of Asian and European [companies] go in, too. To enter Colombia, you have to understand that you're competing with the world's best. This is where technology, experience and, importantly, good social responsibility policies are real advantages."



**SAM BOUTZIOUVIS**  
Vice-President, Economics and International Trade, Canadian Council of Chief Executives  
Ottawa

"Colombia is a pretty vibrant country. It's the second-largest market in Latin America for Canada's agricultural entrepreneurs; it's an especially important market for livestock, grain and pulses. And the country is safer than it used to be. However, there is still a very important risk associated with possible armed conflict that could take place. The issue for businesses to watch now is what the Colombian government does about any flare-ups that might take place stemming from these issues."



Joshua Geist calls moving into cloud computing "critical"

THE INNOVATORS

## Software's silver lining

CANADIANS LAG SO MUCH IN THEIR USE OF CLOUD COMPUTING THERE'S PLENTY OF OPPORTUNITY TO HELP THEM CATCH UP

**K**irk Simpson is so sure the shift to cloud computing is inevitable that when he founded his software company last year he didn't even consider any other way of doing business: "Never in our wildest dreams did it occur to us to build traditional desktop software. That model is dead."

Wave Accounting, Simpson's Toronto-based firm, targets businesses with fewer than 10 employees—a group that's hardly on the leading edge of technology adoption. But, he says, "As the small-business owner embraces tools such as Gmail and Google Calendar, they're really starting to see the value of the cloud."

In Canada, it's still early days for cloud-based businesses such as Wave. IDC Canada, a Toronto-based IT-research firm, says sales of cloud-computing applications and services make up just 1% of total IT spending, versus 6% in the U.S. This enormous gap suggests a big opportunity for established and aspiring software vendors to convert Canadian businesses to cloud computing. IDC agrees: it forecasts 32% average annual growth in Canada from 2009 to 2014, far

outpacing 20% in the U.S. Over that period, forecasts IDC, cloud computing sales in Canada will quadruple to US\$758 million.

It's no mystery why we're starting from so far behind. During a technology's infancy, IT firms typically focus their marketing in bigger countries. Now that cloud-based services have taken off stateside—with 2009 sales of US\$11.6 billion—Canada is emerging as a new target market.

Most of us have used cloud computing for years without knowing it. For services such as Hotmail and web banking, consumers use their browsers to access data or applications that, rather than residing on their own computers, are hosted elsewhere. Free services like these dominate on the consumer side, so the main opportunity is on the business side, where you can find clients willing to pay for what they need.

Their reasons for doing so are readily apparent. Customers pay a predictable monthly fee—or none at all, depending on the vendor's business model—instead of having to shell out up front to buy software and servers. *Clients don't* have to deal with software installations and upgrades.

# Managing for Growth

To lead your company during the next economic phase, it is important to show leadership.

Scott Hunter, CSP, in his book *Unshackled Leadership* suggests:

- To look at your company's existing paradigm
- Shift your attention to the contribution you can make
- Eliminate complaints and gossip
- Define a new paradigm of being related

Our next seminar is on September 22nd with economist Brian Beaulieu, please visit our website for registration.

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404 - 2255 Sheppard Ave. East  
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## OPPORTUNITY

And they're always using the latest version of the vendor's application.

Cloud computing's benefits for software firms have persuaded some established players to adopt this model. One such firm is Geminare, a Toronto-based provider of disaster recovery and business continuity services targeting SMEs. When Joshua Geist, the firm's CEO, founded Geminare in 2004, it sold a recovery-as-a-service product hosted on its own servers. But, last year, Geminare rebuilt its product line to take advantage of cloud computing, which houses the data on the vast networks of cloud-storage suppliers such as Amazon.

This makes it easy to deliver as much of a particular service—say, the number of gigabytes of data storage—as a client needs. Geist says the shift has allowed his firm to make its software more customizable, scalable and easier to integrate into other providers' clouds and technologies while retaining a similar payment model. "It was one of the most critical moves Geminare has made, from a product-development perspective," he says. "And it has certainly had the most impact on the business side"—helping the firm to land more clients.

Geminare's Cloud Recovery product typically costs \$399 per server per month, a small fraction of the cost of a traditional client-server solution, says Geist. (Geminare also has a Cloud Storage product, which costs \$1 per gigabyte of data per month.)

This monthly subscription model isn't the only way to generate revenue. Some developers, such as Mint Software, which makes a personal finance tool, give away their software and make their money from third parties that run unintrusive ads with promotional offers that appear on the page in response to the data a user enters. Other vendors, such as YouSendIt, a digital-file delivery system, have free, scaled-down versions of their products and make their money on paid premium versions.

A wide array of services reside in the cloud. David Senf, research director of infrastructure solutions at IDC Canada, says the fastest-growing segment is storage functions such as archiving and data backup, even though these currently account for just 8% of revenue worldwide. Just under 50% of global cloud computing sales are in back-office software, such as accounting, enterprise resource planning and customer

relationship management. Other segments include systems management, security software and application development.

IDC research shows that businesses place email at the top of their list of the most suitable applications for cloud computing, and HR and finance at the bottom. This suggests that potential clients are still concerned about putting sensitive data into the cloud, even though emails may contain some of the same information.

Yet vendors shouldn't find security a big challenge to overcome. Cloud providers back up data far more often than most users do and use high-level security technology, not a \$50 router from the corner electronics store. Wave backs up its clients' data hourly to multiple geographical locations, something small-business managers have little time or patience for.

Simpson says two-thirds of the 29 million North American businesses in his target group don't use traditional accounting software; essentially, he wants them to give up their Excel spreadsheets for his web-based

solution. Software vendors that use cloud computing can more easily reach this target because they don't need a big presence in each local market. "The ability to sell direct to business owners is a really nice byproduct of using the cloud," says Simpson.

But even as cloud computing lowers the barriers to entry for small software developers, it opens up competition to countless others from around the world. Separating yourself from the pack is critical to success, says Senf, and that requires some marketing savvy. Indeed, marketing is one of the key challenges, especially since customers aren't stuck with a vendor because they have invested heavily in its technology.

Online marketing methods such as search engine optimization, relevant blogs and social-media usage help. So does building alliances with other vendors of cloud-based services and, where appropriate, firms that deal directly with your target market. "But the No. 1 way to get new customers is to pick up the phone and call," says Senf.

Even in the cloud, the old truths about doing business still stand. The biggest challenge for cloud-based service providers is the same as it for any company: you have to solve the customer's problem. But cloud computing is, at least, a new and useful way to open the door. —ANDY HOLLOWAY

**Simpson says cutting out the middleman is "a really nice byproduct of using the cloud"**