



# Franchise

## INFORMATION REPORT

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# Who Is CMIT Solutions?

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CMIT Solutions was one of the first IT franchises in North America. Founded in 1996, the company has spent more than 27 years building the largest, widely recognized franchise system of independently owned and operated IT service providers.

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**OUR MISSION:** To empower the world's businesses by providing innovative technology solutions, managed IT services, and cybersecurity solutions. We are an industry leader independently recognized by organizations such as *Entrepreneur Magazine* and the Franchise Research Institute.

**OUR CORE VALUES:** We value transparency and integrity that earns trust, along with a customer-first perspective and character that accentuates service. Our core values are:

- Community and Collaboration
- Respect and Selflessness
- Integrity and Honesty
- Service Focus
- Passion and Excellence



# What Is a CMIT Solutions IT Franchise?

CMIT Solutions is a nationwide MSP franchising system with over 250 locations across North America. Each franchise location leverages a network of systemwide resources to deliver locally based managed IT services to businesses in their territory.

Businesses that service the IT needs of an organization through an outsourced or staff augmentation model are often known as Managed Service Providers (MSPs). They help companies plan, implement, manage, and secure the technology they rely on to operate their business efficiently and competitively. CMIT Solutions is more than an MSP - we are the trusted advisors essential to every business owner's evolution and prosperity.

## Why Join a Franchise?

Owning a franchise allows you to go into business for yourself, but not by yourself. It is considered by many to be the shortcut to business ownership while having a reduced risk of failure in comparison to an independently established business. A franchise provides you with:



**An Established Service Or Product** - You don't need to learn by mistake or build your business from the ground up. A franchise provides a successful business model, system, or product that is repeatable and scalable.



**Brand Recognition** - This provides the selling power of familiarity, and the ease of developing a customer base with a pre-existing knowledge of what to expect from the brand. This 'pre-sold' customer base would ordinarily take years and thousands of dollars for you to establish.



**Systematized Training And Support** - Most franchises provide pre-opening training programs as well as ongoing operational training and support in marketing, sales, and service delivery.



**Ease Of Funding** - With a franchisor's established experience and reputation, the obstacles to receiving financing from lenders decrease. Companies that provide lending solutions to small businesses are also ready to assist.



**Marketing, Advertising And Public Relations Assistance** - Support in promoting your business on a local or national level are included, with some franchisors providing customer lead generation through websites and other activities.



**Economies Of Scale** - A large network has the opportunity to purchase goods and services at bulk rates. Negotiated deals benefit you with a lower cost of goods, ultimately lowering operational costs and increasing profitability.



## Why Should I Invest in a CMIT Solutions Franchise?

As the number one IT franchise in North America, CMIT Solutions delivers an enhanced franchise model and system in addition to the traditional benefits that a franchise provides.

- 1. Multiple Revenue Streams:** The CMIT Solutions model includes multiple products and services, including offerings that generate recurring monthly revenue. Managed services, professional services, and hardware/software are the three main sources of cash flow for your business.
- 2. High Potential Gross Margins:** System-wide gross margins on CMIT services (your bread and butter) are typically between 65-75%.
- 3. No Limits to Your Revenue Growth:** We enable our franchisees to build businesses with longevity and no cap on revenue growth, a limit other franchise models have. This success is reflected in the number of franchisees annually inducted into our growing Million Dollar Club.
- 4. Recession Resilient:** Businesses need IT services regardless of trends and economic circumstances. Plus, increasing cyber attacks are driving the need for even more IT support.
- 5. Low Startup Costs:** CMIT can be a home-based business. There is no costly brick-and-mortar space to increase your monthly spend or a wrapped vehicle to protect and maintain. Our investment range includes the franchise fee and six months of working capital. Spend your money on the essentials of launching your business the CMIT Solutions way.
- 6. The Power of the CMIT Network:** Having over 150 franchisees and over 250 locations nationwide is an asset. In addition to the typical economies of scale that our size delivers to your bottom line, our network is an extension of your own local team that can service your referred clients anywhere in North America. More than just boots on the ground, the combined knowledge and experience of our system has been harnessed into franchisee peer groups, advisory councils, and learning collaborations.
- 7. Experience Is a Plus:** From our beginnings as 'Computer Moms' led by a visionary entrepreneur in 1996 to our franchising start in 1998, CMIT Solutions' 27 years in the IT space spells strength, stability, and dependability. We're excited and ready to bring SMBs into the forefront of technology.

## Is IT Experience Required?

No, our franchisees come from a variety of backgrounds including marketing, sales, project management, finance, and general business management. Running a successful business is dependent on all functional areas of the business in addition to the willingness to learn and invest time and effort into your own success. Regardless of background, all new franchisees are trained on the key elements of launching and sustaining a CMIT Solutions business.



# How Big Is the Market for IT Services?

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## Market Size

It might sound cheesy, but the answer to that question is huge. The United States (US) information technology industry's revenue surpassed **\$2 trillion** in 2020<sup>1</sup>, according to CompTIA. And that was before entire segments of the economy and millions of jobs transitioned to a virtual digital presence after the COVID-19 pandemic. The global Managed IT Services market is expected to exceed \$354.8 billion by 2026 with North America leading this growth<sup>2</sup>. Measured as a percentage of the country's gross domestic product (GDP), that exceeds nearly all other industries, including retail, construction, and transportation.

The IT industry offers one of the most powerful paths to success in today's franchise world. As digital privacy, data protection, and cybersecurity become common parts of business operations, every company—big and small, local and national, no matter what industry it operates in—needs reliable IT support and trusted technology advice.

## How Fast Is the Industry Growing?

Within the larger technology landscape, cybersecurity has become one of the most critical sub-categories for businesses of all sizes. As more and more companies face cyberthreats, data breaches, and ransomware infections, global spending on cybersecurity has risen to more than \$250 billion in 2021—and that number is projected to double to \$500 billion by 2025<sup>3</sup>. Cyber criminals are no longer trying to steal your credit card, they are effectively trying to burn your business to the ground by encrypting all data so business owners can no longer access their information.

Measured in indirect terms like job growth, the IT sector metrics are off the charts. According to industry group CompTIA, each job created in IT services and software development leads to an estimated 4.8 additional jobs created or supported through direct or indirect means<sup>4</sup>.



## Why Does CMIT Solutions Target Small to Medium-Sized Businesses (SMBs)?

CMIT Solutions focuses on small and medium-sized businesses because 99% of all businesses in the US are SMBs. This accounts for nearly half of all private-sector employees<sup>5</sup> and 66% of net new job creation since 2000<sup>6</sup>. There are over 31.7 million small businesses in the US, and they represent the vast majority of IT revenue<sup>7</sup>. We excel at delivering advanced technology solutions at cost-effective prices through tailored, locally based services to the booming SMB market.

Beyond the sheer opportunity to serve the SMB market, CMIT Solutions also prides itself on helping small to medium-sized companies survive and thrive by leveraging technology for success. **As the leading provider of IT services to the SMB market, we offer enterprise-class services and products at prices SMBs can afford.**

We are the trusted advisor for thousands of businesses keeping strategic IT goals in focus while improving client efficiency and profitability.



It's a responsibility we take seriously—especially when it means helping a client keep systems running, avoid downtime, or even respond to a disaster.

## Trends in IT Services for the SMB Market

Of the nearly **32** million small businesses in the US, more than **80%** lack a technology advisor and support partner<sup>8</sup>.

Only a small percentage of SMBs employ full-time dedicated IT employees<sup>9</sup>, making the market for **CMIT Solutions' services significant.**

Cybersecurity attacks are up **424%** on small businesses. Nearly **70%** of all attacks are directed at SMBs<sup>10</sup>.

Increased industry and government compliance regulations require a technology partner **who understands the complexities of a rapidly changing landscape.**

Remote and hybrid work schedules have **increased the need for IT services.**

Many companies want to reduce their on-premise technology to save money<sup>11</sup>, and **migrate to cloud services provided by MSPs.**



# Who Are the Customers We Service?

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## Our Typical Client

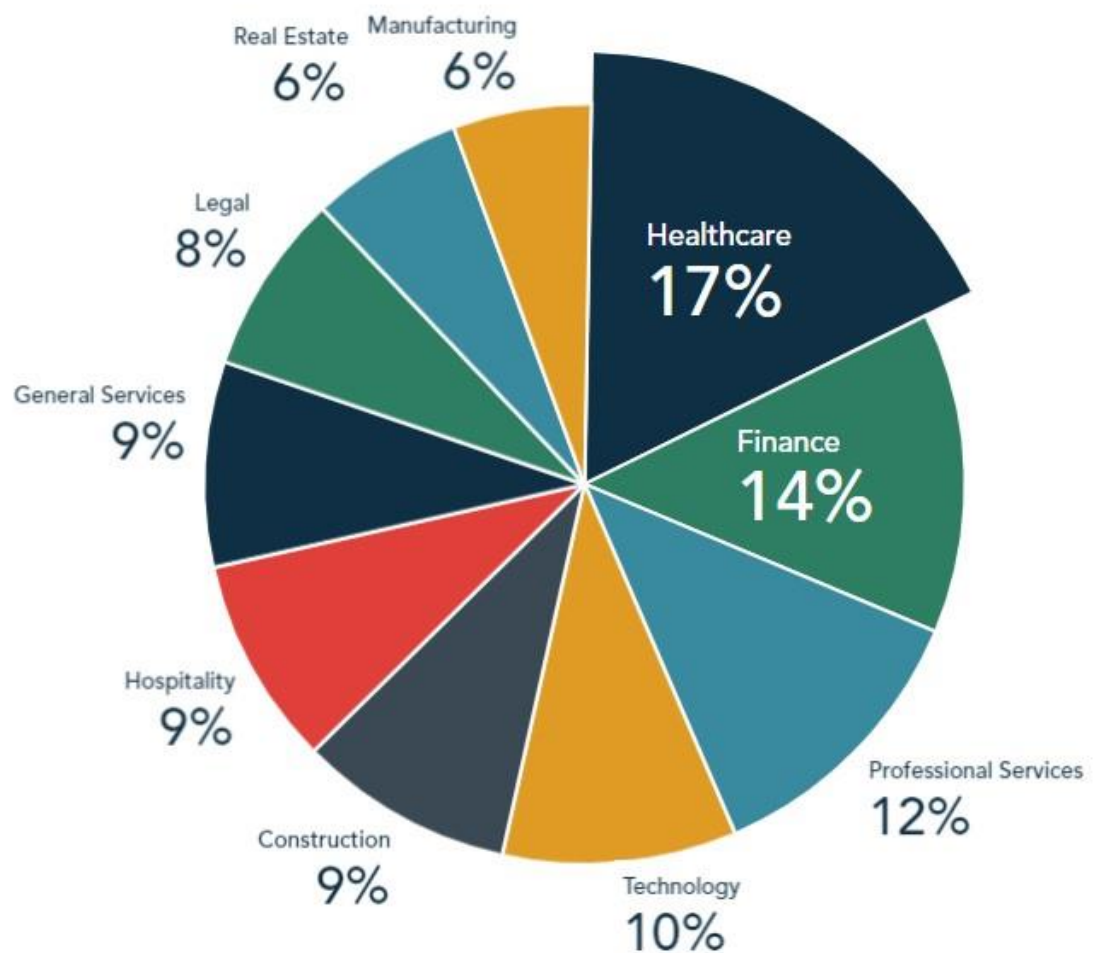
Our client sweet spot is from 10-75 users, though we service businesses anywhere from 5-500 employees.

## Sample Industries CMIT Solutions Serves

CMIT Solutions' repeatable, scalable business model enables us to provide solutions to most businesses regardless of industry. Additionally, our franchisees have expertise that you can leverage in specific industry verticals.

### TOP 10 INDUSTRIES

### CMIT SOLUTIONS SERVES





# What Services Does CMIT Solutions Provide?

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CMIT Solutions helps businesses succeed by advising them on technology and managing their IT. We can function as our clients' entire outsourced technology team, or we can augment internal teams with specialized expertise and services in combination with the leading technology products.

## Our Products and Services

By outsourcing IT, organizations can focus on growing their business. We provide managed IT support through monthly service contracts that produce predictable pricing and services for clients while enabling franchisees to rely on a recurring revenue model that facilitates business growth.

With the overall goal of keeping businesses up and running at all times, here are some specific services that CMIT Solutions offers:

- **Managed Services:** Our flagship offering is a preventive maintenance and monitoring service that spots potential IT issues before they become disruptive. We also provide 24/7 Help Desk and Network Operations Center (NOC) support to give clients access to dedicated IT help when they need it.
- **Cybersecurity:** With today's ever-changing threats, CMIT Solutions focuses on multiple layers of cybersecurity protection, which includes a comprehensive approach from endpoint and email security to advanced threat detection and response. We also specialize in security awareness training to address the often neglected 'human element' of cybersecurity.
- **Data Backup:** Our backup solutions ensure data is recoverable and operations can continue when emergencies occur. Regular, remote, and redundant data backup alleviates concerns about disasters, ransomware, and other cyber threats.
- **Network Management:** We help businesses stay securely connected in hybrid, remote, and mobile work environments with a range of network services from internet service provisioning to firewall management and VPN access.
- **Cloud Services:** More and more businesses are relying on the cost efficiencies and convenience of cloud applications. We help our clients select and implement the right cloud solutions without compromising on security.
- **Hardware and Software Procurement:** Whether our clients need a desktop, server, laptop, tablet, or mobile device, we help them choose the hardware and systems that work best for their business. Best of all, we can set their systems up with proactive monitoring from day one to keep that new technology protected and optimized.
- **Compliance:** CMIT Solutions franchisees consult with businesses to understand the regulations that apply to their organization. From GDPR privacy laws to industry-specific mandates like HIPAA, we can help build strategies to demonstrate compliance.
- **Unified Communications** - Today's mix of platforms, designed for the collaboration of organizations and its globally dispersed workforce, needs seamless integration. Carefully vetted CMIT Solutions vendors and products help businesses make the leap into the digital workforce.
- **Productivity Applications:** Microsoft Office 365 or Google Workplace have become a must-have for nearly every business. At CMIT Solutions, we specialize in these business productivity suites.

# How Do I Make Money?

## Multiple Revenue Streams Including Recurring Revenue

CMIT Solutions offers a portfolio of services and products with various contract engagement types. The result is a business built around multiple revenue streams, not just one product or service, to produce an income.

### MANAGED IT SERVICES

This will be your core recurring revenue stream. Our model of outsourced IT management enables clients to offload their IT needs to us so they can focus on growing their business.

### PROFESSIONAL SERVICES

Franchisees charge clients by the hour or by the project for IT support projects like cloud migrations, infrastructure development, or general IT consulting.

### HARDWARE AND SOFTWARE

CMIT Solutions has cultivated close relationships with Dell, D&H, Sherweb, and other distributors to provide hardware and software to your customers.



## The Value of Recurring Revenue

The CMIT Solutions recurring revenue model enables franchisees to create a valuable business. Monthly subscription contracts result in the stability and predictability that are attractive to buyers if you ever decide to resell your business.



**Increased business value** - “Recurring revenue makes a small business more appealing to buyers,” says Inc.com. Not only does it increase the value of your business, it helps to create an asset that can be divested in the future.



**Stronger customer relationships** - Greater interaction with clients as you deliver their services on a regular basis can strengthen any relationship. Making new sales to existing customers is also simpler and more cost-effective than acquiring new ones.



**Reduced risk and growth potential** - Recurring revenue streams serve as a buffer for income fluctuations. This makes a CMIT Solutions business less risky and presents more opportunities for growth compared to single-sale, transactional models.



**Guaranteed recurring revenue and reliable cash flow** - Recurring revenue delivers a sustainable profit. Plus, it's easier to forecast future performance and make sound business growth decisions.

## Unlimited Revenue Growth Opportunity

A key advantage of the CMIT Solutions business model is it doesn't include limitations typically seen in many other franchise models, such as finite physical space, narrow industry focus, or only single-purchase revenue. Most of our services and products are delivered remotely, and they apply to multiple industries.

## High Potential Gross Margins

While we provide guidance on the ideal profit margins you can expect for your services, pricing your CMIT Solutions offerings is ultimately your decision. Depending on your pricing range, gross margins are typically anywhere between 65-75%.



# What Kind of Training and Education Does CMIT Solutions Provide?

## New Franchisee Training

CMIT Solutions franchisees begin their business ownership journey with a comprehensive initial training program. New Franchisee Training is structured in three phases:

### Pre-Boot Camp

Franchisees review the Pre-Training Guide, complete prescribed checklists, and attend remote sessions before attending Boot Camp.

### Boot Camp

Franchisees spend one week learning about MSP Basics, Marketing, Sales, Operations, Service Delivery, and Finances. This is on-site training on location at our headquarters in Austin, Texas.

### Smart Start

Franchisees receive continuous support through check-ins, continuing education, peer-to-peer learning, Office Hours, and additionally requested coaching.

**CONTINUED SUPPORT** - We provide weekly coaching sessions and office hours in addition to check-ins as requested by franchisees.

You'll receive one-on-one instruction and guidance from subject matter experts (SMEs) and members of our executive team, in addition to tools like step-by-step checklists, marketing campaign planners, your own microsite, and a database of business contacts in your territory to market to. You will also be connected to our public relations agency that will help you plan and promote your kick-off launch event. Your training team will communicate regularly to ensure that you hit the ground running!





## Ongoing Training and Support

**CMIT Connect** is the learning management system (LMS) and social collaboration platform that houses all of CMIT Solutions training content. This platform is accessible to franchisees and their team members for ongoing learning, partner and corporate office communication, system information, and collaboration among franchisees and technician staff members.



**Office Hours** are open 'Q&A' sessions accessible to anyone in the system. Service Delivery, Marketing, and Sales have separate Office Hours scheduled on a weekly basis where anyone can ask questions, share ideas and experiences, and also provide feedback.



**The CMIT Solutions Marketing System** is built on a multi-touch, multi-channel approach. Our Marketing Playbook is a guide that takes the guesswork out of what to do and when to do it. Our system breaks it down—week by week and month by month—to help you easily manage your efforts and stay on track. The Marketing Playbook also provides direction on budgeting spend in each channel, recommendations for marketing tactics, best practices, and much more.



**Business Platforms** are rigorously selected, and each franchisee is trained and supported on these systems so they can efficiently manage and operate their business. These platforms include lead and sales tracking, proposal creation, service delivery automation and management, as well as support requests for corporate office assistance.



**Mastermind Groups** provide peer-to-peer feedback with brainstorming sessions, mentoring, annual business limelight reviews, support and collaboration. We consider our Mastermind Groups to be sacred communities founded on trust, respect, and accountability. You won't find this in an external CEO peer-accountability group, many of which charge upwards of thousands per month.



**Alliance Partner Relationships** have been key to the success of the CMIT Solutions system. Carefully vetted and tested before becoming an Alliance Partner, our partners commit not only to specialized pricing, but also to dedicated support managers and teams for CMIT Solutions. Coupled with their specific product and service training available on their brand learning platforms, our franchisees and their teams are equipped with the knowledge and back-up they need from day one.



**CMIT Connect Live!** is our annual conference where the system (corporate office team, franchisees, franchisee staff, alliance partners, and vendors) come together to learn best practices, forge supportive friendships, share ideas, meet new technology partners, and celebrate successes. The conference features inspiring, high-profile speakers who advise our franchisees on ways to consistently advance their businesses to higher levels of growth and personal fulfillment.



**Training and Coaching Refresher** engagements are available upon request. As strategies and methodologies evolve, franchisees are welcome to participate in our continuously updated Training Sessions. Additional personalized guidance on business operations and strategy is also available.

# What Are the Start-Up Costs for a CMIT Solutions Franchise?

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## Estimated Costs to Start a Franchise

In addition to the franchise fee, you also need capital to invest in launching your business. The franchise fee is \$49,950 for a Tier 1 territory (3000-3500 SMBs) or \$54,950 for a Tier 2 territory (3500-4000 SMBs). The total investment range, including the franchise fee and six months of working capital, ranges from \$101,950 to \$154,950.

In the overall franchising space, CMIT Solutions is considered a franchise with a low investment requirement. There is no costly brick-and-mortar location to lease or any specialized equipment or inventory to store. The majority of our franchisees operate out of home offices and only pay for a required business address thru a virtual office with a street listing.



## Can I Finance My Franchise Costs?

CMIT Solutions does not offer in-house financing. We can provide contacts for third party financing so you can explore your funding options as soon as possible. We offer a 20% discount on the franchise fee to all military veterans.

Financing options include:

- 1. SBA Loans** - An SBA loan for franchise owners can be used to finance initial start-up expenses, such as working capital. CMIT Solutions is eligible for SBA financing.
- 2. Rollovers for Business Startups (ROBS)** - These rollovers are a small business and franchise funding method that allows you to draw money from your retirement account to start or buy a business without incurring an early withdrawal fee or tax penalty. This is not a loan - ROBS gives you access to your own money so you can build the life you want without going into debt.
- 3. Unsecured loans** - These loans require no collateral, though you are still charged interest and sometimes fees. Since there is no collateral, financial institutions give out unsecured loans based predominantly on your credit score and history of repaying past debts. For this reason, unsecured loans may have higher interest rates (but not always) than secured loans.

# How Do I Know CMIT Solutions Is the Right Franchise for Me?

## Our Process

Your objective is to ensure that our business model, culture, offerings, and income potential are a good fit for you. Our objective is to determine if your goals align with a CMIT Solutions franchise.

CMIT Solutions has developed a step-by-step method (our Discovery process) for gathering information about you and your business interests while giving you the information about us that you need to complete your due diligence. You are guided at each step by our Franchise Development Managers. Simply stated, this is a mutual evaluation process that requires a back-and-forth sharing of information in an organized manner.

- 1** ASK YOUR CONSULTANT TO SEND US YOUR PROFILE AND SCHEDULE YOUR INTRO CALL
- 2** ATTEND YOUR INTRO CALL WITH A CMIT SOLUTIONS REPRESENTATIVE
- 3** BEGIN THE DISCOVERY PROCESS
- 4** ATTEND WEBINARS AND LIVE CALLS WITH OUR SUBJECT MATTER EXPERTS (SMEs)
- 5** REVIEW OUR FRANCHISE DISCLOSURE DOCUMENT (FDD)
- 6** TALK TO OUR FRANCHISEES AS PART OF VALIDATION
- 8** VISIT AUSTIN FOR MEET THE TEAM DAY TO GET TO KNOW THE CORPORATE TEAM
- 9** MAKE A FINAL DECISION ABOUT CMIT SOLUTIONS AND SIGN THE FRANCHISE AGREEMENT
- 10** START PRE-BOOT CAMP!

## The Timeline

The pace at which you go through each step is entirely up to you. We have had candidates complete our process in as little as two months.

# Summary

As the number one IT franchise in North America, CMIT Solutions provides outsourced IT support to small and medium businesses as well as large multi-location enterprises. With our low startup costs, we deliver an enhanced franchise model with multiple revenue streams and high potential gross margins—all to benefit your bottom line.

The IT services industry is proven to be recession-resilient, and CMIT Solutions' decades of experience in the market translate into stability and dependability like few other franchises can. Our 150+ franchisees and 250+ locations provide you with a rich network of support and resources that enhance your operations and provide you with your peace of mind.

In the third quarter of 2022, CMIT Solutions reached \$100 Million in system revenue, a milestone we achieved a year earlier than projected. This milestone puts CMIT Solutions within the ranks of the top 25 revenue-grossing MSPs specifically for SMBs. More than the numbers, it is a testament to our brand, to our system, and to our team.

Contact us to discover if CMIT Solutions is the path to your entrepreneurial dreams and goals. We'll help you confidently make the choice that is right for you.



I want to get started!

1. <https://connect.comptia.org/content/research/it-industry-trends-analysis>
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3. <https://cybersecurityventures.com/cybersecurity-spending-2021-2025/>
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# Franchise

INFORMATION REPORT



*cmIT* Solutions®