Business drives hard for computer success

■ Livonia-based ISR lands contracts by selling, maintaining and scrapping gear.

By Christine Snyder
Special to The Detroit News

LIVONIA – When Luther Elliott started Information Systems Resources Inc. out of his

Local Spotlight

Farmington Hills home 15 years ago, he had no idea his company would see its fastest growth not in selling, deploying or servicing computers, but in taking care of equipment not used anymore.

ISR, now located in a spacious Livonia office/warehouse, has come a long way since its start in Elliott's house. While it began as a ʼonal computer hardware and software ᵣer, those sales now bring in just a percentage of ISR's business. "We saw the computer hardware and software business becoming more a commodity and with competition from the manufacturers themselves," says Elliott. "We decided in order to grow, if we were going to sustain our growth, we would have to provide more value-added services, so the model of the business changed."

For Elliott, that meant not trying to be everything to everybody. "We wanted to carve out some true niches in our market and become experts in those areas, as opposed to trying to be good in a lot of areas."

ISR remains a reseller, and provides contract and project-based professional labor, but the fastest-growing segment of the business is what Elliott calls "life-cycle services" which help companies rid themselves of obsolete, inoperable or unused computer equipment.

"You are able to procure software and hardware from us, you can procure services to support it and then you are able to procure services from us to retire it," says Elliott. "That's what we mean by the cradle-to-grave approach."

"ʼs a big business," says David Daub, a ᵣch analyst at IDC, a Massachusetts-based technology advisory and research service company, about retiring old computers. "It's fairly disorganized, but I think it's getting there."

Daub says there are 237 million computers in the United States. "How many computers

Max Ortiz/The Detroit News

Information Systems Resources Inc., founded by Luther Elliott, started primarily as a computer reseller. The firm has grown with a "cradle-to-grave" approach to technical operations.

Informations Systems Resources Inc.

■ Location: 31491 Glendale, Livonia
■ (734) 266-2200
■ Founder: Luther Elliott
■ 2004 revenue: $5 million
■ Employees: 25
■ Services: Computer hardware/software reseller; professional technology services; life-cycle services

are sitting out there and will eventually need to be recycled, destroyed, reused or cleaned up because there is a lot of data (on their hard drives)?" says Daub. "They are in a pretty good business."

Elliott says ISR has experienced 30 percent growth for the past several years, due mostly to this fast-growing niche. While still a small company—Elliott reports ISR had $5 million in revenue last year—ISR is competing with the big players like IBM and Dell for certain jobs.

ISR recently landed its biggest job, a multiyear contract with Blue Cross Blue Shield of Michigan.

David Doney, director of customer support services for BCBS, says ISR's minority-owned status was an important

factor for BCBS, and adds that other factors such as its competitive pricing and ability to provide full service in the areas needed—specifically the proper disposal of old computers—weighed heavily in the decision to contract with ISR.

"Because of HIPPA (health privacy) regulations, the information on the old computers has to be destroyed on the hardware," says Doney. "They have their truck, they pick up all the old machines, wipe the drives clean, resell the ones that are able to be resold—and they market that for us—and if there are some that are not in good shape, they properly dispose of that."

For environmental reasons, computer equipment cannot be thrown away with regular trash. Daub says companies are starting to recycle their computers not only to be good environmental stewards, but for logistical reasons. "If you are a big company where would you dump it? They have to rely on third-party recyclers."

Elliott says ISR was able to compete against much larger companies for the BCBS contract because of ISR's cost-effectiveness.

"Companies that traditionally would have several companies performing services (for their) asset management are now looking to reduce their supplier base," says Elliott.

"They have to manage those companies," adds Elliott, who says overall costs go down when one company is used. "We perform all those services."

While Elliott says ISR is dedicated to running efficiently, all ISR employees are full-time, which is unusual in a contract-based industry. "We have a very stringent training process and because of that we develop people from within so in the end we don't have to outsource people," says Elliott.

"The reason we don't do that is that we sell on our quality. It's difficult sometimes when you do that to control the quality."

Elliott says all employees are intensively cross-trained for all jobs internally and externally and there is low turnover. "It helps us maintain our quality with our clients and reduce our costs from having to always hire new employees."

This philosophy fits right in with BCBS. "We don't look at them (ISR) as a vendor, we look at them as a partner. That's the key."

Elliott says he is very excited about the BCBS contract—which he considers a milestone for ISR. "It's shown us we can compete with much larger companies. It shows us we are able to play with much larger players in our industry."

Christine Snyder is a Metro Detroit freelance writer.