

Fusepoint acquires Toronto application developer

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by Sarah Lysecki

In its second acquisition in less than six months, **Fusepoint Managed Services** Tuesday announced it has bought a small Toronto-based developer to further its presence in the Toronto market and increase its application management capabilities.

As part of the deal, which closed mid-December last year, six **Worldwide Online** employees have joined Fusepoint's forces, bringing the number of employees to approximately 125. The Mississauga, Ont.-based provider of outsourced IT services and infrastructure expects that number to grow to over 200 in the next 16 to 18 months with expansion into the U.S. market.

"We've got a pretty aggressive growth strategy in general and we're executing on some fairly significant expansion plans that our investors are interested in us taking," Fusepoint's senior vice-president of sales and marketing Rob Lalonde said referring to M/C Venture Partners in Boston. "There is a mandate to grow the company and we're well poised to be the leading independent player in Canada from a managed services standpoint."

Fusepoint provides packaged hosting, managed application infrastructure, exchange and security and disaster recovery solutions to small and mid-sized businesses and large enterprises across all major verticals.

Outsourcing continues to play an important role in the information technology sector, according to research firm IDC Canada. In this year's annual predictions, IDC Canada said outsourcing will experience a six per cent growth rate year over year in 2005. This growth is driven by the pace of business competition forcing Canadian businesses to consider outsourcing.

"Managed services is growing faster than most segments of professional services," said Lalonde. "We see the opportunity to capture a fairly significant share of that growth right now."

Tuesday's announcement comes on the heels of Fusepoint's **previous acquisition of** Montreal-based outsourcing firm Versus last October, which is scheduled to be fully integrated and re-branded by the end of this month, according Lalonde.

While Fusepoint already had a data centre in Montreal, which opened in July 2004, Lalonde said the Versus deal, similar to Worldwide, helps Fusepoint round out its application management offerings and enhance its geographic presence.

"Both Versus and Worldwide Online were similar in that regard in that they brought application management capabilities to our product portfolio," said Lalonde. "Versus adding them in Montreal, Worldwide Online adding them in Toronto."

Worldwide, which specializes in managed IT services and application and e-mail management, approached Fusepoint last year looking to find a company that could expand its scope beyond Ontario's borders.

"We were looking for a bigger stronger partner to align ourselves with someone with a national focus. Fusepoint was the perfect choice for us," said Romeo Colacitti, then president of Worldwide Online and now director of sales at Fusepoint. "One of the great advantages was

Fusepoint having five locations across Canada helps us broaden our reach."

The deal will allow Worldwide to offer enhanced support and security services to its existing clients.

"Before we could offer a lot of design and development services. That was the primary part of our business," said Colacitti. "(Fusepoint) offers national coverage that we couldn't offer before with more locations for offering disaster recovery, business continuity."

In addition to Montreal and Toronto, Fusepoint also has offices and data centres in Vancouver, Calgary and Quebec City. Colacitti said Worldwide's national clients are pleased about having multiple offices they can deal with.

Worldwide, which has been in business for 10 years, moved to Fusepoint's Mississauga office at the end of December. It is currently in the process of migrating its 75 customers from former hosting provider Telus to Fusepoint's data centre west of Toronto.

To notify its customers of the changes, Worldwide last December sent out an e-mail blast to all of its clients and notified a lot of its core clients in person in advance of the deal finalizing.

"The major concern with a lot of the clients was about the continuity of the service," said Colacitti. "But because of the way we structured the migration there was no downtime for anybody. It was a smooth seamless transition for them."

Worldwide, for example, had a secondary site in place, had done a lot of the staging in advance to migrate clients over to Fusepoint's data centre and did so on evenings and weekends to minimize downtime.

Colacitti added customers are also happy that Fusepoint moved all of Worldwide's staff over.

"There's no change really from a support perspective or a client relationship perspective," he said. "It's the same people they're still dealing with only now we're a different business."

The agreement also includes the Toronto Real Estate Board - one of Worldwide's largest customers with 107 staff and over 21,000 members.

As part of its expansion strategy, Fusepoint is also looking to grow its number of customers from 350 currently to over 500 in the next 16 to 18 months. Other new customers include Direct Energy, Maple Leaf Foods, Fuji Film in Toronto, Transat AT Inc. in Montreal and Forrex in Vancouver.