

# STIMULATING PRO\$PECTS

*So, There's \$787 Billion Out There To Pump Up The Economy. How Do We Get Some?*

**By Tam Harbert**

**T**HE AMERICAN RECOVERY AND Reinvestment Act (ARRA) is acting as a stimulus in more ways than one. Not only is it providing \$787 billion in tax cuts and government spending to help boost the U.S. economy, it's also lit a fire under technology manufacturers, distributors and solution providers, many of which have combed through the 400-plus-page law in an effort to identify and target potential sales opportunities.

"Interest in the stimulus package is huge," says Bob Laclede, vice president of business development at Ingram Micro. "Everybody wants to know where the money is and how to go get it."

Exactly. But knowing where the money is and how to get it has turned out to be complicated. The money is being distributed in a basic, national bidding and grant process that requires more time than it takes to bid for an average job because, well, you are dealing with the government. That's why Ingram Micro has developed a way to assist solution providers in their search to grab stimulus money opportunities. A new partner service called IMStimulus helps do the legwork for solution providers by delivering leads and grant-writing services that can tap stimulus money and identify tax breaks. Partners with the strongest customer ties can use this new service to their advantage.

"The partners that are going to win in this space are the partners that truly understand the market, can offer the right kind of solutions, and can provide the leadership that customers are asking for," says Mike Humke, vice president of the public sector in

the Americas for HP's Solution Partners Organization.

The stimulus money creates a prime opportunity for solution providers to develop and deliver expertise and consulting that customers, such as state police or local school districts, desperately need. "Resellers should be getting with their customers and prospects today, helping them understand where the money is available and pointing them to it. These agencies are strapped for resources and they need partners to help them figure out how to do all this," says Michael Balsam, chief solutions officer of Onvia, a research firm that tracks government spending. "This whole process is going to usher in a new era of public-private partnerships."

The low-hanging stimulus fruit for SMB customers is an extended tax break that makes 2009 an ideal time for hardware and software investments. The Depreciation and Section 179 Expense, which was extended through 2009, allows businesses to take a "bonus" depreciation expense of up to 50 percent of the cost of newly acquired fixed assets. When a customer makes a technology investment in 2009 it can calculate its depreciation and deduct up to \$250,000 on its 2009 tax return. For example, if a customer buys \$20,000 worth of computers (which are allowed to be depreciated over five years based on the Modified Accelerated Cost Recovery System), that customer can then deduct \$2,304 based on straight-line depreciation in year four.

The customer may also be able to take an additional first-year special depreciation allowance for certain qualified property, including hardware and off-the-shelf software. The allowance is an additional deduction of 50 percent of the property's depreciable basis. This tax incentive is very accessible to SMB customers, and less complex than cor-

## EXECUTIVE SUMMARY

*Want a piece of \$787 billion?*

- ▶ Move fast for 2009 tax breaks
- ▶ Secure grant opportunities using available services
- ▶ Prepare to commit necessary time

# Ingram Micro's IMStimulus

## How To Grab A Grant

- \$2,500 enrolls you in the program.
- Ingram Micro's Business Intelligence Center gives you local leads.
- You give Ingram Micro's Grants Office your list of interested customers.
- Grants Office identifies potential grants and coaches on how to apply for grants. (Grant-writing help available.)
- Grant request secured in Ingram Micro's Opportunity Database.
- When Ingram Micro ships winning deals, you get a 50-point rebate.

### There's More!

Go to [ingrammicro.com/imstimulus](http://ingrammicro.com/imstimulus), call (800) 456-8000, ext. 7STIM, or e-mail [imstimulus@ingrammicro.com](mailto:imstimulus@ingrammicro.com).



nering the larger sums of stimulus money set to flow through grants and open-market bidding.

### Follow the Money

IDC estimates that ARRA will generate about \$101 billion of IT and other types of tech spending in the energy, healthcare and government sectors. The largest portion of the technology spending – \$77.6 billion – will be associated with the energy sector. IDC expects \$21.2 billion in tech spending in healthcare and \$2.5 billion in government agencies. In addition, ARRA sets aside \$7.2 billion for the development and implementation of broadband capability throughout the U.S.

Major manufacturers and distributors wasted little time in launching specific programs to tap into this flood of money. HP was among the first to start educating its partners with extensive webinars and training, and also launched a web site in June specifically aimed at providing partners with the tools and solutions they need to help their customers maximize their dollars and align for future funding. In April, IBM announced \$2 billion in financing for U.S. business and government customers with IT projects that may be covered by ARRA. (The company later expanded it to \$5 billion worldwide.) In May, Microsoft launched Stimulus360, a Share-

Point-based solution that allows organizations to track, measure and share information about stimulus-funded projects.

But few companies have designed programs that identify and target opportunities for solution providers as specifically as Ingram Micro has. IMStimulus is an innovative demand-generation program designed to maximize stimulus sales opportunities for Ingram Micro solution providers. The company started by identifying more than \$90 billion worth of IT-specific opportunities in six categories: healthcare, education, public safety, energy, infrastructure and broadband. The company then further broke those categories down into nearly 10,000 specific individual buying opportunities.

"We did a follow-the-money flow chart to see how the money goes from Congress down through the system, to where someone actually writes a purchase order," explains Laclede. The program can identify, for example, that a specific police department in a specific county is eligible for grant money to purchase video cameras, he says.

Ingram Micro uses its massive business intelligence database, which tracks what the distributor ships to customers on behalf of VARs, to match solution providers to the local customers eligible for stimulus dollars. At the same time, Ingram Micro has teamed with The Grants Office to offer

grant-writing assistance that solution providers can use to help customers apply for the money.

“What we want to do is empower the reseller to go to the end user and say, ‘You’re eligible for this grant, and I can help you craft a proposal that will get you the money,’” explains Laclede.

Some solution providers have already designed their own programs. Future Tech Enterprise Inc., a \$100 million solution provider in Holbrook, N.Y., with clients in government, education and the Fortune 1000, has created a consulting practice focused on the stimulus money. The four-person team is charged with understanding what funding is available and matching it up with customer needs, says Future Tech President Bob Venero. Although he offers few details because he feels it’s such a strong competitive advantage, Venero says he’s pleased with the results so far. He expects the program to generate at least a 6 percent to 7 percent increase in top-line revenue for the accounts that qualify for stimulus money. And he’s expanding the consulting team to six people.

### Don’t Miss the Forest for the Trees

Although there is plenty of money labeled for technology, analysts say solution providers should not look too narrowly at the opportunities. Technology spending pervades the ARRA, notes Onvia’s Balsam.

For example, states and other government agencies will need technology to help them meet transparency and accountability requirements in the legislation. “State and local governments have never had to report on that before, certainly not in a standardized fashion,” says Balsam. “Big vendors like IBM and Microsoft have already come out with toolsets to help them manage and report on these recovery dollars.” According to IDC, up to 0.5 percent of the funds will be allocated for oversight, which would equate to at least \$3.1 billion. IDC estimates that 10 percent, or \$317 million, of this spending will be allocated to IT systems.

Opportunity is also buried in some of the “shovel-ready” markets. In transportation, for example, the government agencies and the contractors involved in building highways will clearly need to expand their IT networks. “We’re already seeing a ton of spending in everything from the basics like hardware and software to more sophisticated things like cameras for smart roads,” says Balsam.

Autodesk is trying to tap into such opportunities. The vendor of 2-D and 3-D design software created a team to target stimulus opportunities in three key areas: transportation, building and utilities, says Bill Griffin, vice president of channel sales, Americas at Autodesk. The company started building up its government sales effort two years ago. Now the government group is working hand in hand with commercial sales groups,

such as architectural and engineering, on stimulus opportunities. Government sales often lead to commercial sales, as the government hires contractors for a highway project, for example, Griffin says. “We want to position ourselves and our partners as consultants to these architecture and engineering firms that are also trying to get access to stimulus money.”

Autodesk is also using the stimulus, and in fact the recession, to seed the market with its next-generation technology. Griffin explains that most government workers and contractors already use AutoCAD, but with such tight budgets they have not upgraded to some of the company’s latest products. “So this is a drive by Autodesk to show our new products,” said Griffin. “Our resellers are really excited.”

### Hurry Up and Wait

Despite President Obama’s emphasis on getting stimulus funds distributed quickly, when and exactly how to disperse some of the funds is still murky. IDC expects funding in some areas to be immediate. The \$2.5 billion for federal agencies, for example, is expected to be fully obligated by the end of 2010. Healthcare, on the other hand, will ramp up gradually through 2014.

Robert Gabriel is waiting for the government to clarify how it will distribute certain healthcare IT funds. Gabriel is president and CEO of Microwize Technology, a healthcare solution provider that sells software and systems for practice management and electronic health records (EHRs). Under the healthcare IT provisions of ARRA, doctors who prove meaningful use of EHRs can receive an incentive reimbursement of up to \$64,000 a year starting in January 2011. That provision has definitely stirred up interest in EHRs among his clients, says Gabriel. But as of June the government had not yet defined what constitutes “meaningful use,” he says. Nor was it clear where doctors would apply to receive that money.

In the meantime, Gabriel is biding his time. He’s lining up financing to allow doctors to buy before the government actually starts paying the incentives. And he’s ramping up his sales and training staff.

Don’t miss your chance to take advantage of a stimulus-related opportunity. Call Ingram Micro today at 800-456-8000, ext. 7STIM.



**Practice Makes Perfect:** Future Tech’s Venero made finding stimulus money a business.

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**About the author:** *Tam Harbert is a freelance journalist with 20 years of experience covering technology, business and government.*

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### SOLUTION PROVIDER MENTION

**Microwize Technology**, [microwize.com](http://microwize.com)

**Future Tech Enterprise Inc.**, [ftei.com](http://ftei.com)