Soft landing
Shadow-Soft LLC expects to grow after getting GSA contract

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Ready for government work: James Chinn, left, and Erik Wallin, co-founders of Shadow-Soft LLC, believe their recent approval by the General Services Administration to begin contracting for U.S. government work will increase revenue by 30 percent to 40 percent in the coming year. Shadow-Soft opened an office in Washington, D.C., as a result of the approval. The company is an Atlanta-based open source software consulting firm.

In August, Shadow-Soft LLC, an Atlanta-based open source software (OSS) solutions and consulting firm, announced the company had been approved by the General Services Administration to begin contracting with the U.S. government.

Shadow-Soft executives anticipated the approval would open up a path to significant growth since the government has been expressly turning toward open source software as a means to saving taxpayer dollars while keeping critical systems technologically current.

“We are on track to do more than $10 million in total revenue in 2012,” said Shadow-Soft CEO James Chinn. “We think the GSA schedule will contribute about 30 to 40 percent additional revenue in 2013.”
Shadow-Soft provides commercial, public sector and now government enterprises with products, services and integration expertise designed to support the deployment of applications in an open source environment, the vast majority on a Linux platform.

Like most open source proponents, Shadow-Soft touts its technology as offering more bang for the buck, thanks to a generally lower cost of development and deployment, and its highly scalable architecture.

“In today’s tough economic conditions, our customers are having to find a way to do more with less, but we see open source software doing much more than just reducing expenses,” said Shadow-Soft co-founder and Chief Operating Officer Erik Wallin. “OSS has proven to be more scalable and easily interfaced than traditional, proprietary, high-priced solutions, which will be increasingly important as more organizations transition to the cloud.”

In the months since the GSA approval, Shadow-Soft has opened a Washington, D.C., office, currently staffed by three employees, to manage GSA-specific customers and other government business. Additionally, in September, Shadow-Soft introduced Puppet, the first of many planned products for federal, state and local government entities that choose to follow the open source path.

Developed by Portland-based Puppet Labs, Puppet is a program that helps system administrators manage IT infrastructure and data center tasks from provisioning and configuration to patch management and compliance.

Puppet can be scaled to almost any environment from tens of servers to thousands of servers located either physically on-site or virtually in the cloud. Current Puppet customers include Citrix Systems Inc., Shopzilla Inc., Match.com, Oracle/Sun, Twitter, Yelp, eBay, JP Morgan Chase, Bank of America, Google, Disney and Viacom Inc.

“In effect, Puppet Labs is outsourcing their sales staff to us because we have developed a special area of expertise,” Chinn said. “On the other side of the deal, the government gets to lock in a price and negotiate a delivery schedule based on its evolving requirements, which makes wide-scale implementation much easier for everyone.”

The GSA schedule is a five-year contract (with the potential for three additional five-year extensions), which streamlines the procurement process and gives companies access to various contracts and agencies as an approved supplier. One of the goals of the GSA schedule is to help level the playing field for smaller companies or minority/women-owned businesses to compete with bigger companies.

“The government can be a terrific customer with lots of potential for repeat business and with no credit risk, since the government usually pays on time,” said Robert M. Gemmell, director of the Herman J. Russell Sr. International Center for Entrepreneurship in the J. Mack Robinson College of Business at Georgia State University.

“According to government figures, among the roughly 20,000 companies listed on various GSA schedules about 80 percent are small businesses,” Gemmell said.
The process for getting on the GSA schedule is straightforward enough, albeit lengthy, and not devoid of effort. Companies must first identify the appropriate schedule based on their product line and business strategy.

The paperwork is extensive, terminology may be unfamiliar and assembling the requisite documentation may present a daunting task. Gemmell cautioned GSA schedule aspirants not to underestimate the learning curve or the challenges of doing business with the government.

“Some entrepreneurs hire consultants and essentially contract all or part of their GSA solicitation response,” Gemmell said. “I’ve seen fees ranging from $10,000 to $25,000 for such services, so entrepreneurs should carefully review the track records and credentials of these consultants before hiring anyone.”

Early on in the company’s history, Shadow-Soft partnered with Red Hat Inc., the Raleigh, N.C.-based developer of the Red Hat Enterprise Linux operating system.

Using an open source/open code business model, Red Hat supports freeware software projects, and provides operating system platforms, middleware, applications, management products, and support, training and consulting services.

“Shadow-Soft is truly a natural extension of our sales force,” said Matt Simontacchi, managing director of Mid-Atlantic and Southeast regions at Red Hat. “We both have seen tremendous growth in this space as more companies are looking to harness the power of community-driven innovation and break free from vendor lock-in.”

In the summer of 2008, Chinn and Wallin, who at the time were co-workers at an IT company, saw a gap in the technology market, so they quit their jobs to start a company that would meet the opportunity. In just four years, Shadow-Soft has moved into a larger facility and now employs 18.

“We’re looking forward to adding capabilities on our services team, and new product offerings in our line,” Chinn said. “We’re excited about the future.”

Tips for getting on GSA schedule

- Identify the appropriate GSA schedule based on product type and industry category.
- Be a real player, an expert, in your industry sector.
- Partner with manufacturers that will work with you.
  - Be prepared for a steep learning curve and a lot of detailed paperwork.
- Be patient.

Source: James Chinn, co-founder and CEO of Shadow-Soft LLC, and Robert M. Gemmell, director of the Herman J. Russell Sr. International Center for Entrepreneurship at Georgia State University