# NXTSYS Consolidates Equity, Drives Growth with AppDirect Capital Invest

Dave Wallace began in the technology industry like many others—he started his career in engineering and overtime he evolved into an entrepreneur. After much success as the vice president of channel sales at Cbeyond, Wallace decided it was the right time to pursue the master agency route himself. He launched NXTSYS in Dallas, TX, aiming to grow his advisor business by combining his engineering background with a high-touch consultative approach with advisors and customers.

## EXECUTIVE SUMMARY

**Company:**
NXTSYS

**Product focus:**
SaaS, Connectivity, Mobility, Energy, Internet, AR/VR

**Location:**
Dallas, Texas

**Website:**
https://nxtsys.com/

**Challenge:**

- Meeting providers' volume requirements
- Scaling NXTSYS and gaining access to capital without selling the business or giving up control
- Identifying the right capital solution to fund a new business venture

**Solution:**

- AppDirect Capital Invest

**Results:**

- Access to 650 providers, without spending time on provider management
- Ability to consolidate equity with business partners
- Access to AppDirect's team of experts and senior leadership
- Access to capital to fund new business venture, Octopus XR

## AN INVESTMENT DEAL WORTH EXPLORING

As the company grew into a premier advisor business, Dave Wallace and his business partner, Jared Adamcik, VP of sales, began receiving a lot of interest from investors, competitors, and others to sell. While tempting, none of the offers fit. “We got six compelling offers, but none of them seemed interesting enough for us to give up what we love doing—working with advisors and working with customers,” he says. “We are still having a lot of fun.”

It wasn’t until they were met with the AppDirect Invest team that they truly considered a capital solution.

### What is AppDirect Invest?

AppDirect Invest enables business owners to transform the recurring revenue from their business into upfront capital. The partnership also unlocks the AppDirect's platform and team, allowing organizations to effectively scale with access to a multi-category catalog of over 1,000 solutions from 600 providers from connectivity to cloud.

The NXTSYS’ leadership team sat down with AppDirect and discussed their goals. “The concept of maintaining ownership of our business was intriguing, so we began to brainstorm the logistics,” Wallace says. “We needed to figure out if it was possible to add value to our current business, while successfully buying out our third business partner.”

Together, AppDirect and NXTSYS mapped out a deal to consolidate 100% of the equity to Wallace and Adamcik without taking on restrictive debt. “With AppDirect as a partner, we knew we’d have the ability to drive growth,” says Wallace. “And once we learned that we'd maintain complete control of our business, it was a clear path forward for us.”

### 50% sales growth without additional headcount

Since working with AppDirect, NXTSYS is taking full advantage of new opportunities. Their operations team now has time for one-on-one interactions with agents because they’ve offloaded some critical back-office tasks like quoting, order management, and commission processing.

“It’s incredible that we’ve actually grown our sales organization by 60 percent in the last year, and we have not added a single operational headcount,” Wallace says. “That speaks volumes about how the technology expertise and extra back office support translates to real revenue gains.”

> *"For the last five years, we've grown consistently between 22% to 30% year over year. Since AppDirect Invest, we jumped 50% in a single year in profit. Think about that; not 50% in revenue, but 50% in profit. Those kinds of numbers are phenomenal."*
>
> **DAVE WALLACE**
> **PRESIDENT OF NXTSYS**

## THE NXTSYS PHILOSOPHY: BE IN LOCKSTEP WITH ADVISORS AND ALLEVIATING BACK-OFFICE HEADACHES

Wallace and his partners pride themselves on working closely with advisors. It's this attitude that attracted a robust talent base of advisors. Currently, NXTSYS has 1,200 sub-agents supported by a small but highly-productive team of eleven employees.

The company continues to attract talented sub-agents thanks to its accelerated time-to-quote process and technical expertise supported by AppDirect. AppDirect acts as an extension of the NXTSYS team to identify the right solutions and solve complex business challenges of customers. Having a best-in-class team behind them enables advisors to deliver an elevated customer experience while having the freedom to focus on revenue growth.

## ‘WE ARE A TRUSTED PARTNER TO OUR TRUSTED ADVISORS’

### Offloading provider management

Wallace and Adamcik work one-on-one with their advisors to ensure they have access to the right solutions for customers, without worrying about provider volume commitments. Wallace explains:

“AppDirect’s has relationships with providers that allows us to stay focused on what's best for our customers and advisors, no matter what. It allows us to keep those relationships strong and still do what we love.”

### Capitalizing on SaaS momentum and expanding into energy

As the cloud market continues to climb, NXTSYS appreciates that AppDirect experts can guide advisors, helping them to diversify their wallet share and grow their portfolios. “Other master agencies haven't brought SaaS offerings into their portfolio from a distributor perspective,” Wallace says. “Advisors are realizing they can be paid on those services now, which is really exciting.”

He continues: "AppDirect has a great support structure, so our agents can spend less time going in-depth to learn the entire energy product set, for example. They can rely on AppDirect's energy experts to help sell. Overall the advisor's relationship with their customer deepens because that's one more thing the advisor brought to them."

### Investing in next-gen collaboration tools—Augmented Reality (AR) and Virtual Reality (VR)

Today Wallace and his business partner are exploring new areas of technology they are passionate about. Wallace became hyper-focused on next-gen collaboration tools like AR and VR during the COVID-19 pandemic when remote work became the norm for many.

Wallace and Adamcik launched a new procurement platform for AR and VR business tools called Octopus XR. Engrossed in the business plan, AppDirect also invested in Octopus XR. Wallace and Adamcik own a majority stake in the innovative platform and they are thrilled to introduce these technologies to the channel.

> *“Being part of AppDirect Invest, we get the opportunity to introduce the channel to a whole new technology sector. It’s an incredible opportunity to show advisors how AR/VR can shape how customers interact, innovate, and collaborate.”*
>
> **DAVE WALLACE**
> **PRESIDENT OF NXTSYS**

As for what’s next for NXTSYS, the sky’s the limit. Wallace explains that he appreciates the energy and support of AppDirect President and Co-Founder, Nicolas Desmarais. “Every time I get on the phone with Nick, I get more energy into my tank; his vision for technology and excitement in helping us as entrepreneurs is contagious.”

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