

## Message From the President: "More Than A VAR . . . A Solutions Provider"

**Mark J. Melillo**

*President and Founder, Melillo Consulting*

**W**hile "VAR" may refer to "Value-Added Reseller", many VARs provide very little, if any, "value-add". In fact, many companies like HP, IBM and Sun have often referred to their VAR Channel as having two distinct categories: Volume and Value. Within the "Value" category, these manufacturers have required their Channel to have extensive certifications, experience and knowledge in order to sell certain product lines. However, within the "Volume" category, the manufacturers typically were not as "choosy," allowing VARs to sell certain product lines based solely on volume, leading many from the Value side to jokingly refer to the Volume Channel as "Virtually Any Reseller".

I recently returned from the VARBusiness 500 Awards in New York where Melillo Consulting was once again named to the VARBusiness 500 (we have been listed since 1999, and were ranked at 303 this

year). Melillo has long been recognized as one of the true "value players" in the industry, perhaps due to the company's roots in consulting. For the first seven years of Melillo's rich 18-year history, the company only provided consulting services, venturing into the Resale business in the mid-1990s to satisfy our customers' demand for "one-stop shopping". Given our long history of focusing on solutions, Melillo has grown into one of the larger players in the VAR marketplace, so much so that CMP (the publisher's of VARBusiness and CRN Magazine) asked us to take part in a full-day of roundtable discussions and interviews which preceded the VARBusiness 500 Awards banquet.



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## Compliance, Security and the Face of IT

### How Melillo's Addressing a Changing Industry

**D**uring the past five years, information security has evolved into a business-critical function, brought on, in part, by laws designed to protect consumers and culminating with the Sarbanes-Oxley Act (SarBox) of 2002. A recent survey by Financial Executives International, a professional association, estimated the annual costs of complying with just the internal controls section of Sarbanes-Oxley at almost \$1 million for every \$1B in

revenue. Meanwhile, a recent CIO Magazine Tech Poll reported that nearly half of surveyed enterprises will divert more than 15% of their IT budgets to SarBox compliance.



### Compliance Challenges

As IT directors face the challenges of an increasingly-regulated business environment, they must find compliance and security solutions that identify, analyze and address

both their organizational requirements as well as government and industry rules and regulations.

*(continued on page 4)*

## Melillo Launches CIO Services Practice

### Industry Expert To Lead Newly-Formed Management Consulting Group

**M**elillo Consulting has launched its CIO services solution in conjunction with the formation of the company's Management Consulting Group. The CIO Services offering is designed to help customers identify the needs for new applications, technologies, and organizational change.

"By creating our Management Consulting Group and offering a CIO Services solution, we hope to provide our customers with the ability to leverage non-biased outside expertise in various CIO-level projects and initiatives," said Mark Melillo, President and Founder of Melillo Consulting. "This program epitomizes how Melillo Consulting is a trusted resource for helping customers make critical IT management decisions."

Melillo's CIO Services offering provides solutions for those customers facing the challenge of efficiently managing the rapidly maturing capabilities of their IT organization, processes, and infrastructure. Melillo associates will collaborate with CIOs to assess current business practices as they relate to the technology infrastructure and identify and help implement solutions to streamline processes and improve efficiency.

The Management Consulting Group focuses on the "business side" of IT and will provide consulting services at the CxO level including strategic planning, organizational design and assessment, interim CIO/CTO services, and other technology management services such as infrastructure, PMO, outsourcing evaluation and implementation, and compliance.

Leading the Management Consulting Group as General Manager is seasoned industry veteran, Rick Carney.

Prior to joining Melillo, Mr. Carney was the CTO for Barr Laboratories, Inc., a \$1.3 billion pharmaceutical firm with headquarters in New Jersey, where he was responsible for technology strategy, architecture, and operations. Previously, Mr. Carney served as the CIO for the North Shore - Long Island Jewish Health System, one of the largest not-for-profit health systems in the country. Mr. Carney's background also includes leading the IT organization at ABB Power Generation, Inc., one of the larger U.S. subsidiaries of Zurich-based Asea Brown Boveri, as well as positions at KPMG and IBM. Also, he is a member of the Society for Information Management (SIM), where he served as President of the New Jersey Chapter for two terms from 2002 to 2004 and is now a Trustee.

"Being a member of an industry-proven IT team such as Melillo is an exciting opportunity," said Mr. Carney. "This new offering confirms Melillo's commitment to providing its customers with complete end-to-end IT and IT-management solutions and should further the company's track record of

success and long-standing customer relationships."

"Rick is a welcome addition to the Melillo team," added Mark Melillo. "His proven expertise and experience within the various facets of the IT community will strengthen our goal of providing industry thought leadership."



## UMMS Selects Melillo For Infrastructure Solution

### Healthcare Facility Implements Lawson Solution

**W**ith many healthcare facilities located in the Baltimore area, staffing positions has become extremely competitive, causing the on-line management of open positions, resumes, and applications to be crucial. In an effort to streamline processes, the University of Maryland Medical System (UMMS) selected Melillo

Consulting to design and implement an infrastructure solution to support UMMS's new Lawson Software, an application designed to help healthcare providers automate administrative tasks including payroll and benefits enrollment, reporting and operational efficiency.

The Melillo Consulting solution was comprised of highly-available servers with shared storage architecture, including user access via the web and a back-up solution. Implementing the new

system consisted of installing and configuring a layered HP server infrastructure complete with shared storage, Internet access directors, back-up, tape management, and disaster recovery.

"We were using an old payroll system that was very costly to maintain, and with the assistance of the Melillo team we were able to change to a more affordable, scalable system," said Lisa Jackson, Project Manager at UMMS. "Melillo Consulting also worked closely with us to ensure adherence to the Lawson Application requirements."

During the four-month engagement, Melillo created and tested a highly available environment while providing services to support UMMS during the cutover from existing application to production.

Specifically, the Melillo solution integrated twelve HP servers (5 rp3440, 2 rp4440, and 5 Proliant DL380), an HP EVA 3000 disk array, two HP Fibre Channel switches and an MSL6030 tape library into UMMS's existing infrastructure

Melillo also configured the production database with MC/Service Guard cluster software. This configuration consisted of two HP rp4440 servers, configured to be highly available utilizing failover functionality, thereby ensuring an idle system ready to takeover processing duties in the event of production platform failure.

Melillo's back-up solution included HP Data Protector Software configured to include the seven rp4440's, five DL380's, and three Oracle agents. Data Protector was installed for managing all backup and restore procedures for the new infrastructure. The infrastructure was integrated into a new HP OpenView Management environment enabling UMMS to monitor and manage the network and systems.

A challenging aspect was utilizing various specialties within Melillo and bringing them into a single solution. The Melillo team installed and configured the components for the Lawson front-end consisting of two HP-UX servers running the Apache Web services, Tomcat application services and Oracle back-end for Lawson. For an E-Recruiting environment, a W2K server running Apache was configured as the Application/Web server.

"Together with UMMS, Melillo was able to continue support of the existing environment while implementing new infrastructure to specification helping UMMS with the flexibility to launch the new application," said Matt Jacobson, General Manager, Melillo Enterprise Solutions Group.

The Melillo team, in conjunction with assigned UMMS personnel, delivered the documentation, knowledge transfer, and infrastructure readiness enabling the Lawson application software to be installed on schedule and within budget. The Melillo team included: Ward Michie and Dennis DeLuke, Business Developers, who pursued the business partnership with UMMS; Carolyn Borelly, Project Manager, who served as primary point-of-contact for the project; and Paul Hydrean, Lead Architect and Chris Ayotte, Lead Consultant, who conducted the customer assessment and project spec development.

"I think first impressions are lasting and from the beginning, the Melillo Team was patient and not pushy and demonstrated throughout the entire project the need to provide for and meet our customer needs," said Ms. Jackson.

#### ABOUT UMMS

The University of Maryland Medical Center, located in downtown Baltimore, provides a full range of health care to people throughout Maryland and the Mid-Atlantic region. It has more than 30,000 inpatient admissions each year. The medical center employs about 5,400 people and provides training for more than half of Maryland's physicians and other health care professionals.



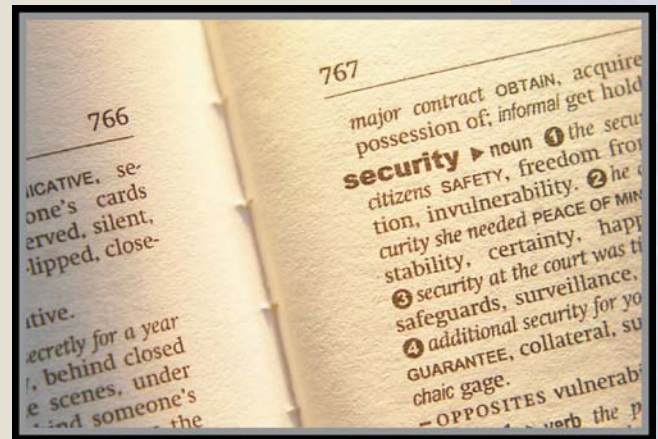
## Compliance, Security and the Face of IT (cont from pg 1)

These government and industry compliance regulations include the following:

- ❑ Sarbanes-Oxley Act: affects all publicly-traded companies (and some privately held firms) by requiring internal controls for financial reporting and record retention
- ❑ FDA 21 CFR Part 11: requires Pharmaceutical manufacturers to provide data storage during the drug development cycle
- ❑ Gramm-Leach-Bliley Act: requires Financial Services to provide customer financial data privacy
- ❑ SEC 17a-4: requires Financial Services companies to provide e-mail communication data retention
- ❑ Patriot Act: affects Financial Services companies by establishing requirements to provide detection and prevention of money laundering
- ❑ National Association of Securities Dealers 3010, 3110: establishes supervisory systems for all associates and customer account information controls for Financial Services companies
- ❑ HIPAA: defines privacy, security and transaction requirements for Healthcare companies.

### The Changing Face of Security

At the height of the Internet "bubble," security was seen as a technological issue. Firewalls, intrusion detection systems and anti-virus protection were the mechanisms by which security policies were enforced, assuming that an organization even had these policies. But two major events occurred: (1) security technology became commoditized and was absorbed by a company IT groups, and (2) regulations forced security to address business processes. By the late 1990's, a firewall administrator was one of the most sought-after, highest-paying jobs on the market; however, the job description now often falls under the auspices of the network or system administrator. The role of the corporate information security department increasingly is to ensure proper IT governance and adhere to regulations that protect consumers from the latest threats including identity theft and sound financial reporting.



### Melillo's Response

To help companies address these industry changes, Melillo Consulting's Compliance Remediation and Security (CR&S) practice functions on the principle that a secure business is a well-managed business. Melillo's core areas of expertise - from enterprise management (i.e., operations, technology, risk, development, quality, etc.) to information security to integrating technology solutions - are founded on the process of aligning an organization's strategic business plan to its IT objectives.

Melillo's key offerings for compliance remediation include:

- ❑ IT Operations Assessment - focuses on the compliance area or governance model, or on a company's overall IT operation
- ❑ Enterprise Management - IT Service Management planning and solutions based on ITIL and industry-leading software tools
- ❑ Storage Assessment - designed for retaining more records for longer periods of time and making them readily accessible
- ❑ Message Retention - evaluation and selection of the most effective software solution, whether explicitly specified as in the SEC 17a-4 regulation or broadly covered in record keeping requirements
- ❑ Secure Business Operations - provides security risk and vulnerability assessments and solutions incorporating standards set forth by U.S. intelligence agencies
- ❑ Audit Preparation - assisting with the establishment of internal control frameworks (e.g., COSO, COBIT, ITIL, SysTrust) documenting processes and implementing IT solutions.

For more information, visit [www.mjm.com](http://www.mjm.com).

## Melillo Consulting GM Participates in NJTC CIO Conference

### Carney Moderates Panel Discussion Addressing IT and Business

**R**ick Carney, Melillo Consulting General Manager, Management Consulting Group, served as moderator for the panel discussion, "How to Run IT Like a Business" as part of the New Jersey Technology Council's (NJTC) NJ CIO Conference 2005. Held at the Harrison Convention Center in May, the conference's theme was "Creating and Measuring Business Value."

Mr. Carney moderated the panel discussion, attended by over 70 CIOs from leading companies throughout the New Jersey-New York area, which focused on running IT like a business by managing the department and its activities using the disciplines and practices that make any business effective, efficient, and accountable (i.e., sound project management, financial audits, customer satisfaction surveys and internal IT marketing). The panelists provided insight into their portfolio management practices including setting priorities, oversight, management, and control of the current and proposed components of a portfolio.

The panelists included: David Bowes, VP IT, Cosmetic Essence, Inc.; Frank Bozich, VP Enterprise Technology, Engelhard Corp.; Richard Cella, CIO AlphaPharma, Inc.; and Navi Chadha, VP Technology, MarketRX, Inc.

Also, included during the Conference were panel discussions on "VMO's" and "The Job Market Is About to Improve - Is Your Staff Happy?", a keynote presentation by John Roddy, CIO, Telcordia Technologies, and the presentation of NJTC's CIO of the Year Award to Garry Johnson, Sr. VP and CTO, Dendrite International.

For more information, visit [www.njtc.org](http://www.njtc.org).



Rick Carney, Melillo's Management Consulting Group GM, moderating panel discussion during NJTC's CIO Conference 2005

## Melillo Launches "New Look"

Melillo Consulting has launched its new visual identity and branding initiative – comprised of a new corporate logo, updated corporate solutions and product messaging, and a new-look corporate website ([www.mjm.com](http://www.mjm.com)).

The new website provides detailed information about Melillo, including our customers, partners, and solutions, and serves as a resource for industry thought leadership information.



Melillo's new corporate logo



Melillo's new-look website ([www.mjm.com](http://www.mjm.com))

**What Do You Look For In An IT Service Provider?**

- ✓ Proven end-to-end solutions
- ✓ Full breadth of IT services
- ✓ Industry-recognized "thought" leaders
- ✓ Fortune 500 customers
- ✓ Long-standing customer relationships
- ✓ Customer engagements across industry verticals
- ✓ Commitment to emergency response

**Melillo Consulting...Check Us Out!**

For over 17 years, Melillo Consulting has provided award-winning IT tools and services to enterprise-level customers helping them manage their infrastructure investments and exceed their business goals. Melillo's proven track record of providing powerful end-to-end solutions is a result of our extensive and ongoing customer relationships. Our industry-recognized thought leaders' use identify and implement the solutions you need to succeed, including Enterprise Application Integration, IT Service Management, Self-Service Portal, Management and CIO Services, Compliance Analysis and Remediation, and Security.

**MELILLO CONSULTING**

For more information call us at 1-800-TEAM-MJM or visit [www.mjm.com](http://www.mjm.com)

Have You Seen? Melillo's latest corporate identity advertisement has appeared in Business Management and NJTC Tech News.

## Melillo Solutions Architect Presents at HP Software Forum

### Service Management and End-to-End Application Management Case Studies Highlighted

**K**en Herold, Melillo Consulting Senior Solutions Architect, presented two case studies during the HP Software Forum, held June 6-10 in Denver. Mr. Herold's case studies, "Service Management in a Large Hospital" and "End-to-End Application Management with OpenView" examined how Melillo deployed and implemented end-to-end management solutions within Healthcare and Financial services environments. The sessions detailed the project deployment methodology and implementation details as well as the technical and business environment challenges faced.

The HP Software Forum, North America's most comprehensive HP OpenView user group event, is a technical education and networking conference that features a collaborative learning environment where developers, executives, technicians, and other HP OpenView users convene to share industry knowledge, and gain tips and techniques to make their OpenView applications and implementations more effective.

Melillo, one of only three companies nationwide to hold HP OpenView elite partnership status, also

exhibited during the Technology Connections Showcase. Melillo associates were on hand to discuss the latest industry news and provide helpful tips and techniques regarding OpenView solutions.

Melillo also hosted an "The East Meets in the West" reception at the Grand Hyatt Denver. Melillo associates and partners were able to meet OpenView users and share industry trends and events.



*Mark Melillo, Melillo Consulting and William Rhodes, Trillium Reef Consulting President, enjoy Melillo's "The East Meets In the West" cocktail reception at the HP Software Forum.*



## "More Than A VAR" (continued from page 1)

One thing I learned while participating at this event is that many other VARs are trying desperately to adopt Melillo's model - attempting to transform their company from an organization that focuses on selling hardware and software into an organization that provides solutions. According to a recent Gartner study, 85% of resellers are currently migrating to a solutions-based sales model and 70% of channel companies have changed their sales models in the past two years. Also, according to a 2004 Q3 survey of CFOs by RW Baird Research, roughly two-thirds of respondents saw a shift on spending away from hardware and towards software and services.

All of this bodes well for Melillo's continued expansion. Melillo has long recognized that hardware and software purchases must be based on a clearly-stated ROI and that customers want to purchase a "solution" to their business and technology problems. And, as IT executives face tighter budgets and increasingly more pressure to align technology infrastructure with business objectives, the need for integrated end-to-end technology and business solutions has become paramount.

At Melillo Consulting, our focus is on the Value-Add and we are, therefore, often referred to as "A Solutions Provider" or "Mid-Size Integrator" because we do more than sell hardware and software to our customers... we sell solutions. We have always taken great care to accurately identify our customers' needs and provide end-to-end solutions that enable them to leverage their infrastructure investment while meeting their overall IT and business objectives. These solution offerings, supported by our industry-proven set of core competencies, focus on our customers' need for: Enterprise Application Infrastructure; IT Service Management; Enterprise Portals; Compliance Remediation and Security; and CIO Services. By acting less like a "traditional" VAR and more like a "solutions provider", we are able to utilize our industry thought leadership to offer those solutions that prove most beneficial to our customers.

## Industry Compliance Primer:

### FDA's Requirements for Electronic Records and Electronic Signatures (21 CFR Part 11)

#### Overview

21 Code of Federal Regulations Part 11 has been in effect since August 1997 and establishes the FDA's requirements for electronic records and electronic signatures to be reliable, and "equivalent" to paper records and handwritten signatures. The driving force in its creation was to prevent fraud while permitting the widest possible use of electronic technology to reduce costs incurred from paper processes.

#### What Areas Are Regulated?

The rule contains two major sections: requirements for electronic records and those for electronic signatures.

#### How Are These Defined?

The FDA defines electronic records as "any combination of text, graphics, data, audio, pictorial, or other information in digital form that is created, modified, maintained, archived, retrieved, or distributed by a computer system." Electronic signatures are defined as "a computer data compilation of any symbol or series of symbols executed, adopted, or authorized by an individual to be the legally binding equivalent of the individual's handwritten signature."

#### Who Must Be Compliant?

Any institution that uses automated data sharing among applications. Pharmaceutical companies and medical device manufacturers are increasingly using the Internet to automate business processes such as clinical trials, drug research collaboration, and drug approvals.

#### How Are Companies Compliant?

To satisfy this requirement, companies must:

- Employ procedures and controls that include the use of computer-generated time stamps.
- Time Stamp Accuracy - Procedures and controls should be implemented to ensure that time stamps are accurate and reliable.
- Synchronization - Computer clocks should be set correctly and continue to be set correctly. Computers on a network should automatically synchronize their clocks with that of a designated network computer.
- Systems Clock Security - inappropriate changes to computer clocks need to be detected.
- Precision of Date and Time Expressions - Audit trail and signature time stamps should be precise to the hour and minute.
- Ensure that application-to-application communications can reliably secure data
- Validate the identity of applications
- Check integrity of data
- Log and archive system activity.

For more information, visit [www.fda.gov/ora/compliance\\_ref/part11/](http://www.fda.gov/ora/compliance_ref/part11/).



#### DID YOU KNOW?

Melillo's *MJM Software* product offering was introduced in 1990.

**Upcoming Industry Events**

July 8-10  
*Microsoft Worldwide Partner Conference 2005*  
 Minneapolis

July 18-19  
*2005 New York CPA Business & Technology*  
 New York

July 25-29  
*IBM Storage Symposium*  
 New Orleans

August 21-25  
*TechWave 2005 (Sybase)*  
 Las Vegas

September 12-15  
*HP Technology Forum 2005*  
 New Orleans

September 18-22  
*Oracle OpenWorld*  
 San Francisco

September 19-23  
*5th Annual itSMF USA Conference & Expo*  
 Chicago

September 28-30  
*Storage Decisions 2005*  
 New York

October 9-12  
*Mercury World 2005*  
 Las Vegas

October 16-21 2005  
*Gartner Symposium ITxpo 2005*  
 Orlando

October 18-20  
*VMworld 2005*  
 Las Vegas



**Comments or suggestions?** Please email us at [info@mjm.com](mailto:info@mjm.com).

**Recent Melillo Events**

**Melillo and VMware Host Virtualization Seminar**

Melillo Consulting and VMware, an EMC company, hosted a seminar entitled "*How Virtualization Helps Business Continuity*". Held at the Harrisburg (PA) Country Club, Melillo Consulting Solutions Architect Mark Fresolone presented "Implementing Virtual Infrastructure for Business Continuity". The seminar concluded with a 30-minute demonstration of VMware's newest desktop product, VMware ACE.

**Melillo and Alterpoint Hit the Green at Fiddler's**

Melillo Consulting and AlterPoint, an Austin-based network change and configuration management (NCCM) software developer, hosted a luncheon at Fiddler's Elbow Country Club in Bedminster (NJ) in June to discuss the value NCCM brings to the enterprise. Attendees were able to discuss with AlterPoint CEO Jeffrey Ait and Melillo Consulting President Mark Melillo how NCCM technology enables IT to proactively manage configuration change, compliance, and security across a multi-vendor network.

**Melillo Sponsors NJTC CIO Conference**

Melillo Consulting served as the signature sponsor at the New Jersey Technology Council's (NJTC) Annual CIO Conference, which was attended by over 70 CIOs from companies in and around New Jersey. Held on May 6th at the Harrison Conference Center (Plainsboro, NJ), the conference's theme was "Creating and Measuring Business Value". Melillo ESG General Manager Matt Jacobson introduced the keynote speaker, John Roddy, CIO of Telcordia Technologies and Rick Carney, Melillo Management Consulting Group GM, served as moderator for the final panel discussion: "How to Run IT Like a Business". (For more information, see detailed story on page 5).

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