

## BlueAlly Tags Virtual Graffiti for Big SMB Expansion

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By **Joseph F. Kovar** February 01, 2021, 04:13 PM EST



BlueAlly Technology Solutions, an MSP and networking and security solution provider, has acquired Virtual Graffiti, a provider of networking and security solutions with both a services and an retail business.

The acquisition of Irvine, Calif.- based Virtual Graffiti is the first of what would, could be potentially several acquisitions for BlueAlly, which in July 2020 sold a majority of itself to private equity firm Source Capital, said Vijay Tanamala (pictured), founder and executive chairman of Cary, N.C.- based BlueAlly. Tanamala declined to discuss terms of the deal.

BlueAlly was ranked **No. 169 on the CRN 2020 Solution Provider 500 list**, while Virtual Graffiti was listed at **No. 303**.

For BlueAlly, the sale of a majority stake to Source Capital was the best way to fund its growth, Tanamala told CRN.

“We’ve grown since our founding in 2015 with internal funding, but now is the time to scale substantially,” he said. “And to do so, we needed a partner. We built a pretty good engine for managed services. But we needed scale. That’s important for an MSP. We need the channels to take advantage of our investments in capacity to deliver managed services.”

Almost immediately after Source Capital invested in BlueAlly, BlueAlly looked at Virtual Graffiti as a potential acquisition target, Tanamala said.

“We decided to jump right in,” he said. “We wanted to use the help provided by the investment firm.”

For BlueAlly, Virtual Graffiti was a great fit, Tanamala said. Virtual Graffiti brings a very deep knowledge and capability for selling security products, which he said was the primary reason for the acquisition. Virtual Graffiti also brings a West Coast presence to complement BlueAlly’s East Coast presence.

“And Virtual Graffiti has a well-automated process with its etail business that’s very useful for BlueAlly,” he said. “Automation from the etail side of Virtual Graffiti will be very helpful for BlueAlly to approach the SMB market. BlueAlly is focused mainly on the enterprise. So this helps us expand our SMB business.”

Virtual Graffiti Founder and CEO Hillel Sackstein told CRN that he had been looking at merger and acquisition opportunities for nine years, and was working with a M&A specialist, IT ExchangeNet, which was itself just acquired by [full service M&A firm Martin Wolf Associates](#).

Sackstein, who remains CEO of Virtual Graffiti after it was acquired by BlueAlly, said he has been looking at acquiring smaller managed security service providers to layer into his company, but eventually settled on becoming part of a bigger company.

“The biggest opportunity is bringing BlueAlly’s professional services to the Virtual Graffiti customer base,” he said. “We have a massive customer base of 58,000 as of last year. Leveraging professional services into this base is the big opportunity. Until now, we have outsourced the services to other MSSPs. And we will continue some of those relationships where there’s no overlap with BlueAlly services.”

For BlueAlly, the investment from Source Capital gives it an opportunity for further acquisitions to continue building out its scale, Tanamala said.

“We just consummated the Virtual Graffiti acquisition on Dec. 30, so it’s still early,” he said. “But there’s at least one more acquisition in the mix. But we have to deliver on Virtual Graffiti first.”

BlueAlly acquired Virtual Graffiti in the middle of the [COVID-19 pandemic](#), a fact which did hamper the process, Tanamala said.

“We had two face-to-face meetings, taking all the necessary precautions,” he said. “We decided we needed to meet with senior management before the acquisition. But the bulk of the work was done via virtual conference. The signing of documents and the due diligence was all virtual.”