

# The Definitive Guide to Managed IT Services



# The Definitive Guide to Managed IT Services

Information Technology represents less than 10 percent of the global economy. Think of it this way: restaurants are food services companies. Airlines are transportation companies. Retailers are consumer goods distributors. Banks are financial services institutions. Hospitals are healthcare providers. And the list goes on. Each of these verticals leverage IT systems to facilitate their business operations and gain greater efficiency, but none actually earn their value from technology. To them, IT is a means to an end.

However, IT delivery is the business of managed service providers (MSPs). The value delivered by managed IT services is essentially peace of mind, as providers relieve their customers of the burden of maintaining their own technology infrastructure. Through services such as the remote monitoring and management of servers, networking devices, storage systems, email servers, PC endpoints and security appliances, managed service providers are enabling their customers to redirect precious resources to other revenue-producing activities.

This e-book is your one-stop shopping resource for all things managed IT services. Inside, you'll discover the history and evolution of the MSP, explore various tools and service delivery models designed to help MSPs better-serve clients, and acquire valuable insight into costs, third-party vendor evaluation criteria and more.

## CONTENTS

Chapter 1: Evolution of the MSP

Chapter 2: The Business Case for an Integrated RMM/NOC Partnership

Chapter 3: Cost-Benefit & TCO Analysis

Chapter 4: What to Look For in an RMM/NOC Provider

Chapter 5: Why Continuum?



◀ care to share?

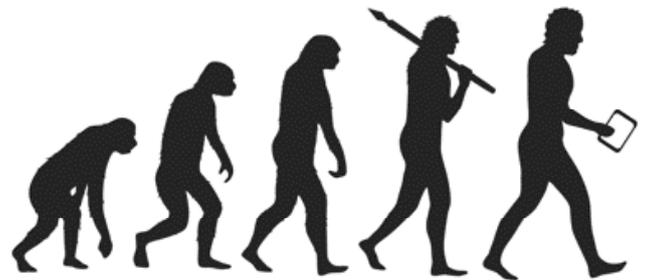
# Evolution of the MSP

## CHAPTER 1

### Transforming from the “break/fix” offerings of its humble beginning to a fully-functional IT outsourcing model hasn’t happened overnight.

In the beginning of managed IT services, providers were little more than glorified hardware and software vendors. They would spend huge sums of money developing custom tools, data centres and command/control centres to deliver services; and while they were effective in the delivery of discrete managed services, these providers required broad sales and marketing efforts to capture accounts, recoup investments and drive down costs.

The channel, which at the time was still engaged in manual break/fix professional services (something breaks, a technician is called in to fix it), proved to be the answer to many early MSP sales and revenue challenges. Through the channel resale of their services, providers accelerated revenue generation, expanded market presence and maintained viability. One problem remained, however; the channel was, and continues to be, suited for midmarket and SME segments – while the price and appropriateness of managed services were best suited for a larger enterprise market.



Fast-forward to the arrival of commercial, off-the-shelf remote monitoring and management (RMM) tools – these made it possible for small, traditional value added resellers (VARs) to build their own managed IT services infrastructure and practice, eventually creating the MSP segment that exists in the channel today.

This was conceivable because RMM applications allow VARs to deliver maintenance and emergency repair work on servers, storage devices and PCs over the Internet – freeing up valuable time and resources that were previously devoted to solving problems on-site. Additionally, the ability to sell this model on a periodic subscription basis has provided predictable revenue and profitability – something that’s become increasingly elusive in the rapidly-commoditising world of hardware and software product sales.

While managed services driven by RMM proved to be profitable for transitioning VARs, this model did have one substantial barrier to entry: cost. Many MSPs spent small fortunes building modest service delivery platforms to support their fledgling businesses; some early providers reported spending as much as \$1 million developing their infrastructure and network operations centre (NOC), and these costs don’t reflect the expenses of hiring, training and supporting expert staff.



◀ care to share?

Fortunately, the MSP model today has matured even further, largely due to the increased availability of third-party RMM and NOC offerings. These allow service providers to offload labour and budget-intensive infrastructure and tasking to a trusted, reliable and scalable partner – one that will not only maintain the infrastructure and provide support, but also independently advance technology capabilities.

Put simply, MSPs help their customers focus on their core competencies that produce revenue, while third-party providers free MSPs from cost and labour challenges – allowing them to develop more accounts, bring more devices under management, and increase utilization and revenue potential through expanded and more advanced service offerings. Even simpler; third-party RMM/NOC partnerships help MSPs grow their business without growing expenses.

So what's in store for the future of managed IT services? Today, the evolution of the MSP model continues – and many providers are enjoying some impressive results by not only leveraging third-party RMM and NOC tools, but by finding one trusted partner who offers a fully-integrated suite containing both.

Think of it as an MSP for the MSP; beyond benefits like expedited development and time-to-market, service providers working with such a partner have the advantage of round-the-clock expert support across multiple systems, applications and hardware, as well as having an aggregation point where a multitude of applications and systems are continually researched and monitored for updates.

Whether you're a veteran MSP or are relatively new to the space, the benefits achievable with third-party RMM and NOC cannot be ignored.

Your relationship with an integrated third-party provider can be seamless and measured, allowing you to subscribe only to those services you need; whether it's performing administrative tasks or resolving challenging technical problems.

The capabilities and support offered by a flexible, expert NOC – from supporting mundane tasks, developing and maintaining staff, and paying the high costs associated with technology innovation – can take the pressure off of your organisation, allowing you to focus on what matters most – your clients.



◀ care to share?

# The Business Case for Integrated RMM/NOC Partnership

## CHAPTER 2

### How MSPs can achieve greater ROI, raise overall service quality and reduce development costs.

Managed IT service providers (MSPs) today must keep pace with rapid changes in technology, applications, service delivery models and more – all while supporting their clients and striving to maintain efficiency in an increasingly-dynamic business landscape.

No IT environment is static, and even an infrastructure that isn't onboarding new applications or functions will still require a tremendous amount of upkeep and administration. And for providers experiencing difficulty scaling and adapting to changes in today's market, the problem may actually lie in their approach to managed IT.

Business is no longer driving technology innovation – today, technology is driving business innovation.

The fact is that in many cases, business is no longer driving technology innovation – today, technology is driving business innovation. The speed with which technology is developed, deployed and optimised today allows forward-thinking business leaders to adopt an incredibly proactive approach to decision making, leveraging technology as a roadmap of sorts that can influence entire business strategies and organisational structure.

As such, over time it's become unsustainable for an organisation to internally identify business challenges or wait for something to stop working properly, then simply go shopping for a pre-packaged solution or hire a technician to meet those needs.

Thus, the modern managed IT services model was born – rather than employing a series of ad hoc or “break-fix” solutions, businesses can instead leverage subscription-based IT support; paying only for what they need, when they need it. This is executed through a remote monitoring and management (RMM) platform – software that allows service providers to deliver maintenance and emergency repair work on servers, storage devices and PCs over the Internet; freeing up valuable time and resources that were previously devoted to solving problems on-site.



◀ care to share?

As this model continued to develop, businesses began looking to MSPs not only as technical support staff and solution providers, but also as researchers and strategists – trusted partners who are constantly studying industry changes, exploring new product offerings and informing clients as to which tools, services and approaches will yield the greatest benefits.

And just as today's successful MSPs have abandoned the age-old model of break-fix, another shift is now occurring in the channel and is presenting some unprecedented growth opportunities for service providers – the integration of third-party RMM tools with a well-staffed network operations centre (NOC).

## Defining the Third-Party NOC

When people utter the acronym “NOC,” images of the U.S.S. Enterprise bridge from “Star Trek” may come to mind.

At their core, NOCs are the nerve centre of IT management. While end users are often blissfully ignorant as to how electrons are pushed over the fibre optics and copper cables to reach their PCs and notebooks, NOC engineers and administrators are fully aware of every netflow, hop, server and endpoint attached to their network. They monitor infrastructure health, security and capacity, making decisions and adjustments to ensure optimal performance and efficiency.



So in a sense, NOCs really aren't much different than the crew of the Enterprise working those bridge computers and instruments, providing much-needed intelligence to Captain Kirk. They provide 24-hour-a-day, 7-day-a-week operational support. They are constantly monitoring systems and researching anomalous activities to tweak and adjust settings across multiple platforms. And they can marshal resources – some that would only be used periodically in a standalone managed services setting – to respond to emergency situations.

NOCs are not entirely exclusive to managed services, although they've been successfully adapted by managed service providers in the delivery of RMM services. Enterprises have long employed NOCs to oversee their IT infrastructures – so, too, have various carriers and telephony companies. NOCs are consolidation points of information, alerts and topology that enable managers to direct resources and take action to maintain connectivity. As MSPs also require centralised command and control over information and resources for the assets they manage for their customers, NOCs today are becoming synonymous with managed services.

## Third-Party RMM/NOC Integration: A Catalyst for Innovation

The availability today of third-party RMM and NOC services gives MSPs the ability to offload labour and budget-intensive infrastructure and tasking to a trusted, reliable and scalable third party. Rather than bearing the total cost of ownership associated with building a NOC, MSPs can partner with a third-party provider that not only maintains the infrastructure and provides support, but also independently advances technology capabilities.

A third-party RMM/  
NOC provider is like an  
MSP for the MSP.

A third-party RMM/NOC provider is like an MSP for the MSP. Whereas businesses contract with service providers to offer technology services on their behalf, third-party RMM/NOC companies provide monitoring, management, infrastructure and support services on behalf of managed services companies. The fundamental difference: MSPs help their customers focus on their core competencies that produce revenue, while third-party providers free MSPs from cost and labour challenges so they can develop more accounts, bring more devices under management, and increase utilisation and revenue potential through expanded and advanced service offerings. In short, third-party RMM/NOC providers enable MSPs to grow their business without growing expenses or adding additional IT staff.

Third-party RMM/NOC providers offer support similarly to the way MSPs support their customers, but with much greater scale and more effective use of consolidated resources. A third-party provider aggregates monitoring and response capacity across multiple MSPs, collecting all of the network flows, event IDs, performance metrics and device statuses at its centralised location. Consolidated technical support teams are responsible for monitoring these activities for anomalies, responding to support requests, changing management tickets, and providing reports on service level agreements.

Just as MSP expertise and creation of value is critically important in the SME segment, where end users often have financial constraints and fewer resources, MSPs can lean on the extended resources and expertise of a third-party RMM/NOC provider. An MSP may only call upon a particular skillset a few times per quarter, but the third-party provider will be able to keep their experts busy by making them available to multiple subscribers.

Many MSPs that have partnered with a third-party NOC report the collaborative relationship enables them to have deeper interactions and more responsive service. Others say the liberation from supporting routine operations enables them to develop new, higher-margin services for their clients, which in turn increases profitability.



◀ care to share?



The best RMM/NOC services will represent the partner brand, offering a white-label experience that ensures customers feel they're receiving services from their local provider rather than the having the contract passed off to a third-party outsourcing provider.

**MSPs can engage a third-party RMM/NOC provider for a variety of tasks – both routine and complex – including:**

- Networking Monitoring and Management
- Endpoint Monitoring and Maintenance
- Email Management Services
- Backup and Storage Management
- Network Discovery and Assessment
- Policy Enforcement
- Firewall and Intrusion Prevention System (IPS) Monitoring and Management
- Antivirus Scanning
- Patch Management
- Shared Threat Analysis
- Optimisation and Quality of Service Reporting
- Voice and Video Traffic Management
- Performance Reporting and Improvement Recommendations

Ultimately, a third-party collaboration is about time-to-value. When partnering with an RMM/NOC provider, MSPs are free from having to develop and maintain their own infrastructure and applications. While technology remains the MSP's core focus, the third-party provider enables them to concentrate on strategic operations and objectives, enabling service providers to achieve even faster and greater levels of profitability and relevancy.



◀ care to share?

# Cost-Benefit & TCO Analysis

## CHAPTER 3

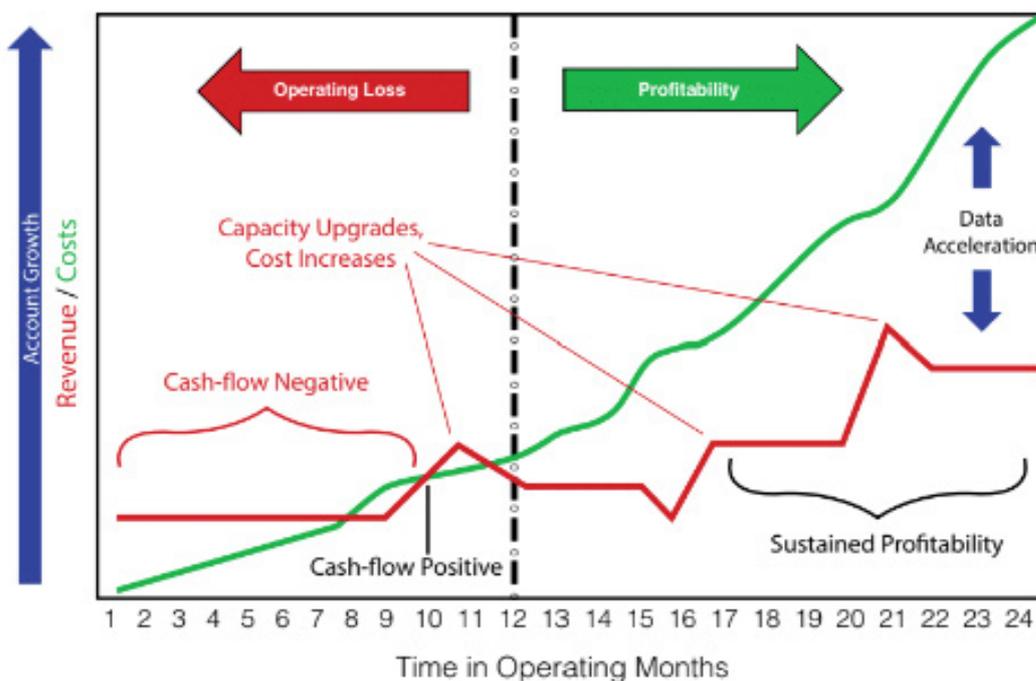
### Understanding the costs associated with various IT service delivery models

In traditional, self-built and self-maintained managed IT services models, the development structure is one in which costs are front-loaded – and the business operates at a loss for as long as a year. In essence, all assets and infrastructure must be in place before a single dollar is generated. It’s a tremendous expense, one that most service providers can barely afford; and the continuing evolution of services and capabilities only increases the strain on the MSP’s limited fiscal capacity.

In the conventional managed IT services model, costs are front loaded and the business operates at a loss for as long as one year.

Eventually, MSPs – under optimal execution and performance – will recoup their initial investments, become profitable and generate enough revenue to support expansions in capacity, services and support resources. However, the operational costs of maintaining physical infrastructure and service capacity can significantly dampen an MSP’s profitability.

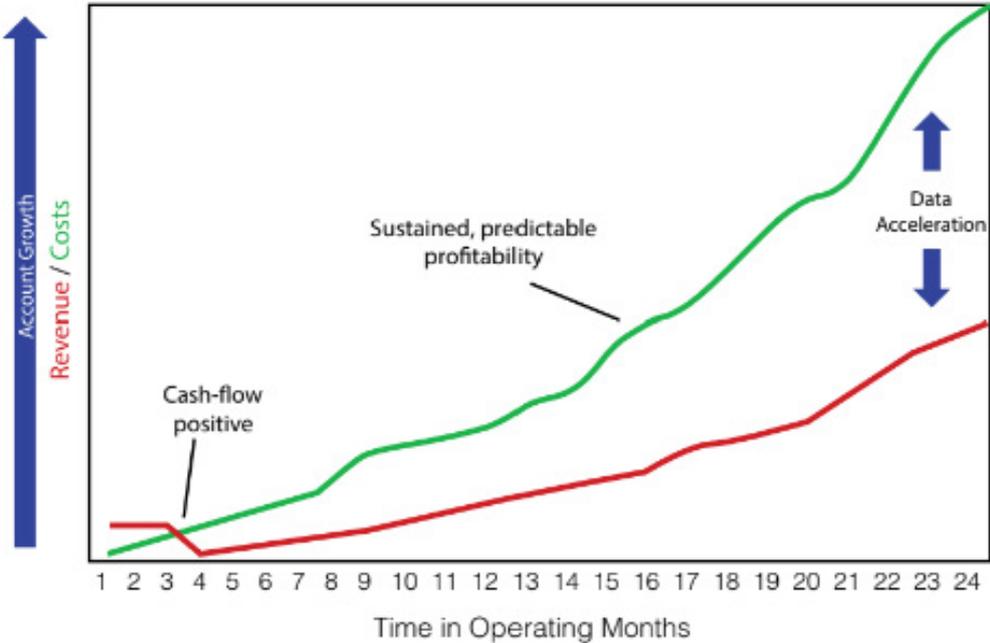
**Conventional Managed Services Business Development Curve**



In contrast, the third-party RMM/NOC economic model is quite different. A third-party RMM/NOC provides services for variable levels of capacity (at fixed prices), usually on a consumption-based, pay-as-you-go model.

In short, the MSP only pays for what it needs, when it needs it. The cost of maintaining and improving infrastructure, adding new services, maintaining staff and ensuring a high quality of service is borne by the third-party provider. For the subscribing MSP, this predictable, low-risk exposure model provides a significantly faster path to profitability than the self-administered model.

### Third-party Managed Services Expense/Revenue Model



With fewer development and startup costs, the MSP has a greater probability of achieving a positive cash-flow and run-rate, ultimately leading to sustained profitability and a much stronger business model than that of an MSP investing in building service-delivery infrastructure and staff.

While businesses will always have variable expenses, the costs associated with managed services are far easier to predict because operations are based on fixed investments – and knowing these expenses will help MSPs set prices and identify their profitability tipping point. A tipping point isn't just when a service becomes profitable, but when every new dollar coming in the door adds to profitability.

Over time, MSPs can produce increasing profits because the delivery infrastructure is paid for once, but utilised repeatedly. The greater the utilisation of these fixed resources, the more profitable an MSP will become without incurring additional costs.

Keep in mind that the sustainability and profitability of a managed services business is contingent on more than offloading to a third-party NOC provider. Both models require a focus on sales: customer acquisition and retention, account expansion and more. A key advantage of outsourcing is that a third-party provider enables an MSP to focus on business development, sales and customer service rather than splitting attention between technical resources and product development.

The operative word in the MSP profit equation is “expenses.” If you can control expenses and you have a known recurring revenue stream, you know your profitability with near certainty.

It's also worth noting that the third-party RMM/NOC model is not an “all or nothing” proposition. An MSP can operate using a hybrid model, in which some services are provided through the third-party provider and others through organic resources.



◀ care to share?

# What to Look For in an RMM/NOC Provider

## CHAPTER 4

**There's no denying the benefits achievable when leveraging a third-party RMM/NOC. It's important to remember, however, that not all providers are alike.**

To be successful, MSPs must exercise due diligence when selecting a third-party provider; it's critical to ensure an acceptable quality of service for both current operating needs as well as future growth requirements. There are three things that every MSP is looking to avoid: subpar service, stagnant technology and escalating prices.

When evaluating third-party offerings, MSPs should keep these essentials in mind:



### 1. Integration

Most third-party NOCs are separate from RMM providers, making seamless integration a challenge; insist on a company that owns both its RMM and NOC services. Tight integration and mature RMM are must-haves in a third-party NOC relationship, as these tools facilitate monitoring, response, remediation and reporting processes. While MSPs are capable of creating homegrown versions of a NOC with disparate tools from multiple providers, bounded integration between the NOC and RMM ensure reliable and quality service delivery.



### 2. Quality of Service

If nothing else, a third-party NOC should deliver a consistent quality of service to all of its clients. The provider should detail its level of service and incident response times, and provide details about service capacity. While the partner is responsible for the delivery of contracted services, the MSP remains the party that actually interacts with the customer. In the eyes of an end user, any lapses or shortcomings in quality of service are a reflection on the MSP.



### 3. Types of Services

It may seem obvious, but as an MSP you should look for third-party partners that offer the services you actually need (or potentially need). This involves looking beyond brief descriptions, and developing an understanding of the technical requirements and capabilities a given partner can bring to the table. The types of services, and how they are implemented and managed, should play a leading role in the decision-making process.



### 4. Scalability

Scalability is a reflection of capacity in both the physical and supporting infrastructure. MSPs need assurance that their third-party provider has the capacity to expand relevant services to meet future needs. Providers that do not have proper capacity – or at the very least a strong plan for expanding capacity – will undoubtedly experience deteriorations in service delivery, which in turn reflects poorly on the subscribing MSPs.



### 5. Operational Cycles

Not every MSP needs 24/7 monitoring and support, but that doesn't mean you should partner with a third-party provider that doesn't offer round-the-clock operations. MSPs support customers with variable needs, some of which may only require support during traditional business hours. Chances are, however, you'll eventually take on customers that require 24/7 support – and without a partner that offers it, your ability to accept new clients and expand business will be limited.



### 6. Flexible Service Consumption

A strong NOC will provide an MSP with up to 80 percent of the expertise, support and resources they require to operate as a fully-functional managed services provider. The best third-party NOCs will offer multiple service levels and support tiers, allowing you to consume only the services that you need.



◀ care to share?



## 7. Expertise & Resources

The days of service providers delivering remote monitoring and support for just servers or endpoints are long gone. Today, MSPs are being called upon to deliver support for desktops, mobile devices and printers, as well as security, backup, and business applications. Your third-party provider should have staff and resources in place that can support all (or nearly all) of your needs for both current and future customers.



## 8. SLA Track Record

The instrument for establishing and measuring quality of service is typically called a “service-level agreement,” or SLA. This document prescribes the manner and time in which a third-party provider will provide certain levels and types of services on behalf of the subscribing MSP. SLAs should play a critical role in deciding between potential third-party partners.

The evaluation process should be two-fold: MSPs should assess a third-party’s SLA for alignment with their own operating needs, while also checking with existing subscribers to understand the level of consistency and success the provider has had with meeting prior SLA expectations.



## 9. Financial Stability & Viability

Financial solvency and funding are of course major considerations for MSPs when evaluating third-party partnerships. The services industry is replete with horror stories of customers who have been left behind by providers who suddenly cease operations due to financial or other constraints.

When entrusting much of your core business value and operations to a third-party, it’s imperative to understand the how well the provider is funded, the background of its investors or funding sources, and the overall fiscal health of the company.



## 10. Investment and Expansion

A third-party provider is about more than supporting MSP clients and back-office tasks; it’s about having access to new technologies and services. As such, MSPs should carefully consider the development and growth plans of a potential partner – asking questions such as “How will the NOC keep pace with new technologies that can optimise my existing services?” Organisations that can offer a fully-integrated RMM and NOC offer far greater synergies with regard to research and information sharing, which can result in greater product enhancements.



◀ care to share?

# Why Continuum?

## CHAPTER 5

**We've established that third-party RMM & NOC services are a means by which MSPs can:**

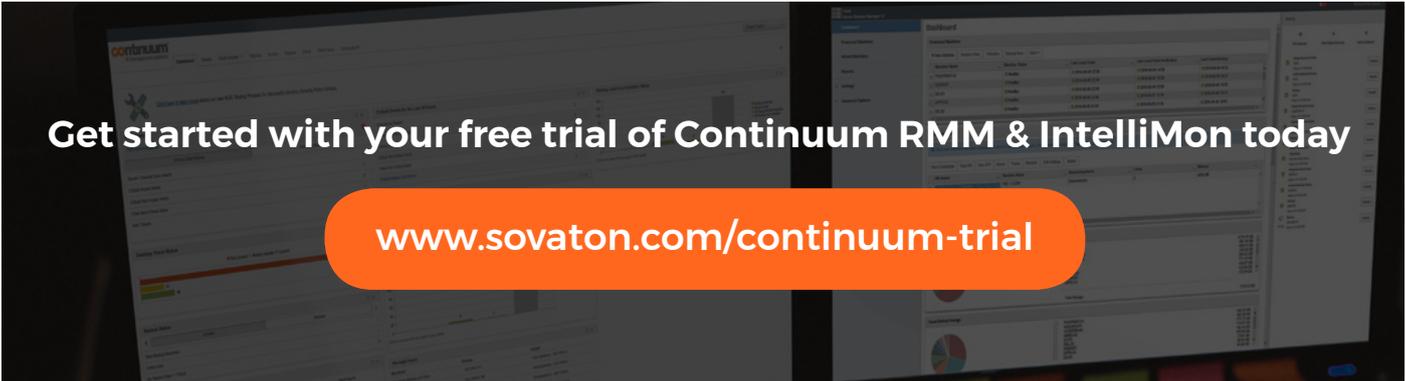
- Deliver a strong foundation of services to their customers at fixed, predictable costs
- Gain access to new technologies and support resources
- Grow their businesses with minimal capital investment

Through third-party partnerships, MSPs can achieve accelerated time-to-value, lower development costs, access to extensive research and operational experience, and enjoy faster and greater ROI.

Continuum has successfully demonstrated to thousands of MSPs that a fully-integrated RMM software and NOC services platform offers the most effective and efficient managed IT services model for profitable, sustainable growth. Continuum is one of the only NOC providers that has the experience and body of knowledge required to provide optimal managed services support – the culmination of years of research, a constantly-expanding and evolving product portfolio, and experience supporting a broad spectrum of clients and business types.

Few in the managed IT service industry can match the breadth of capabilities and experience of Continuum. With each passing month, Continuum adds more services and capabilities to its already market-leading portfolio of network assessment, monitoring, management and incident response services.

Our goal isn't simply to deliver third-party RMM and NOC services, but to advance the state of service delivery as a whole while truly enhancing the value that our MSP partners can bring to their customers.



**Get started with your free trial of Continuum RMM & IntelliMon today**

[www.sovaton.com/continuum-trial](http://www.sovaton.com/continuum-trial)



◀ care to share?