

Managed Services

Why it pays to pay an expert

Table of Contents

Executive Summary.....	3
What are managed services?.....	3
The evolving world of the managed services.....	4
Managed Services thriving despite some anxiety and uncertainty.....	5
Why do organizations need managed services?.....	6
Conclusion.....	9



Executive Summary

Managed services are becoming more prevalent and utilized by many organizations today. The idea of having someone handling your daily tasks allowing you to focus your time and energy on more pressing needs for your organization. Allowing a third-party expert to handle your organization's system and network is a trend on the rise.

Reluctantly, many other organizations have decided to hold off on working with a MSP. The fear of being breached because of the lack of control and security are the main reasons. Although in the end, it is all about what drives revenues up and what drives down costs when an organization is making the decision to work with a managed service provider (MSP).

What are Managed Services?

At the root managed services is defined as a third-party organization managing and monitoring another organization's system on a regular basis for a predetermined fee. There are many benefits to an organization utilizing a MSP but the primary reason is the MSP continuous monitoring and maintenance of the organization's system. This is seen as the primary benefit because it is in place to prevent any interruptions of the system's availability and to minimize any downtime. Preventing and minimizing downtime will lead to employees being able to be more productive, this leads to higher organization profitability. The true value to an organization having a MSP is constant technicians monitoring the system foreseeing problems before they happen. When a problem does occur the MSP is there to handle the situation and solve the problem based on the service agreement in place.

Characteristics of Managed Services:

A MSP works as an extension of the organization's internal IT team. The MSP will work with what is in place and design or improve the system the organization operates on.

- MSPs are performed remotely. They will frequent the organization's site but the majority of the time the MSP is off-site.

- Services range from; basic monitoring and maintenance to more extensive packages, which may include security, data storage and/or disaster recovery, software and technology updates and patches, document management, help desk response, firewall monitoring, intrusion detection and restoration of operations. All services and what is covered is spelled out based on the organization's service agreement with the MSP.
- With rapidly changing technology and the way services are performed the MSP becomes an advisor in making recommendations in future technology needs and how to avert problems from using older technology.
- MSPs have fully trained staffs in place to understand the organization's needs, the ability to foresee problems and the capability and resources to handle problems that may arise.

The evolving world of managed services

The definition of managed services has evolved from the basic root to a more complex one today and that is in part because organizations are demanding more sophisticated services be offered by MSPs. The reason for this demand comes from technology becoming more embedded into every business function. From this the MSP's functions have become a lot more intrinsic to the organization's business. MSPs aren't just keeping the system running but they now could be handling essential business functions as well.

Another factor that is leading to the evolution in managed services is the how fast the modes of delivering the IT services is evolving. Right in front of our eyes we have gone from hardware to virtualized servers to now cloud-based services. Everything is changing so fast it is like watching the clouds roll by, one minute it looks like a puppy but the next it is a racecar all while moving across the sky. More and more organizations are blending these modes of delivery into their service offerings.

Despite the definition of managed services evolving and becoming more complex it still at the heart is about a third party managing another organization's system on a regular basis for a predetermined fee.

Managed Services thriving despite some anxiety and uncertainty

The majority of service agreements today mostly very basic instead of being very extensive. This is because managed services as an offering is just about 15 years old and both, organizations and MSPs, are experiencing some anxiety. Even so, recent trends show some of the anxiety is starting to fall by the wayside.

Some of the anxiety still being felt on the organizational side is entrusting a third-party to handle critical operations of their organization. The idea of opening up security issues is a leading concern these organizations have. Coincidentally, these same organizations list alleviating security concerns as a major reason they hire a MSP. This hesitation is weighed against the actual cost associated with diverting their IT staff from core business functions to attend to system maintenance.

Organizations are also weary to move to managed services as they have invested money and resources into big ticket equipment deals. These large pieces of equipment do not have a high resale value and many organizations feel the need to wait these big ticket items out until the end of their usage life. Moving away from these items earlier than planned would mean the sunk cost would no longer be able to be spread across many years and a greater effect would be felt on their bottom line.

Despite these obstacles amongst others, industry research overwhelmingly supports the idea of more organizations moving to using MSPs just as people have moved away from candlelight to the lightbulb for their main source of providing light. The following statistics support this idea:

- By the end of 2014, businesses in the United States will spend over \$13 billion on cloud computing and managed IT services.-[CIO Zone](#)

- Global managed services spending is forecasted to reach over \$193 billion by 2019.-[Markets and Markets](#)
- By 2015, the estimate for end-user spending on cloud services is predicted at over \$180 billion.-[Information Week](#)

The success of a service agreement is in the details of the service level agreement in place between the MSP and the organization. The service level agreement spells out the details of all the services being provided and what level of service is to be expected by the organization. The most critical service level agreement components are; response time, 24/7/365 support and data and systems security.

Why do organizations need managed services?

Think back to the days of DOS, desk top computers connected to a main-frame that took up a whole room, punch-tape backups, floppy disk storage and IT departments of one person who was constantly reminding people that they need to constantly empty their files because they are using too much of the already limited memory. This all sounds like technology from the first days of the computer but are actually in fact not that far back in the past, some being just a decade or so ago from being the norm.

Comparing what a computer can do today in terms of power, storage and software sophistication to those of the early days is like comparing a model-T car to an electric car found on the road today. The technology, funding, goals, policies and politics have all changed so much, it is almost unfathomable to think that one event has led to another. Just as the world of automobiles has evolved from a car that runs on gasoline but did not go very fast or very far could be the basis of the technology that now has cars that run on electricity that can go very far and fast on one charge. The same can be said for the technology world. Today it demands a fleet of experts and specialists to not only maintain your system but to fully take advantage of all the benefits the system can provide. This is why organizations need to utilize managed services.

Many trends can be found leading the increase in the demand for managed services, they are:

The complexity of business:

We all remember the days where technology was its own department within an organization and did not bleed over into many other departments. Today, however, technology is an essential function within all departments, from billing, payroll and human resource management. In today's technology world organizations rely on such features like tracking systems for inventory, complex dashboards and creating real time reports. All of these functions have become very important components to every day functions of an organization and even a slight disruption results in not only a monetary loss but upset customers.

Technological evolution:

With technology constantly evolving it means today's technology becomes obsolete tomorrow. It depreciates faster than a car the minute you drive it off the lot. This means that most IT departments are constantly using systems that are no longer state of the art and should be serviced and upgraded to the newest version but due to the high investment into these systems it is not always feasible to change your system to the newest system. This has led more and more organizations to start utilizing cloud services even if they do not fully understand or trust them. Most of these organizations are learning about the clouds capabilities, advantages and disadvantages as they go along.

Accessibility:

With more and more businesses operating around the clock being accessible at all times has become more important than ever. No longer are employees tethered to their desk to perform their jobs. Most employees now conduct their business anywhere they can find a Wi-Fi connection or even right from their own smartphone. In today's business environment a desk top computer located inside an office is being replaced by a smartphone that can utilized anywhere there is a signal. The strongest indicator that people need to be accessible at all times is to watch people as they de-board a

plane, watch as almost every passenger's first action isn't to undo their seatbelt but to turn on their phone and reply to any missed texts or emails, update their Facebook status or to send out a picture via Snapchat. Accessibility at all times is not the way of the future, it is the way of the present.

Regulatory compliance:

As more employees become mobile, more important information is now accessible in more areas at any time. This has led to more regulation requirements to be put in place. It now seems that every type of industry has a certain set of standards and regulations that must be followed when it comes to how customer information is accessed, how it is stored, who is allowed to access it and how it is shared. With all these new regulations being put in place most organizations find it hard to keep up with what is required to stay compliant, do not have the IT staff on hand to consistently keep up with these requirements, lack the required tools to stay compliant or do not have the necessary systems to handle all the data. If an organization does decide to perform the tasks required to stay complaint they will find it is a costly venture and in most cases it is more cost effective to seek out someone whose expertise is in this area.

Despite many organizations needing to find solutions to these security needs many organizations are reluctant to turn over any sensitive information to a third-party for fear that information will not be properly secured and for the release of control over this information.

Financially:

One of the biggest goals every business has is to save money on a daily basis. Finding a way that an organization can cut costs to improve the bottom line is a driving factor every business has regardless of what service or product they produce. One of the biggest reasons organizations turn to a MSP is the cost savings it provides. Other factors that drive organizations to utilize a MSP is the ability to free up staff to focus on strategic initiatives of the organization, allows the organization to have access to the newest and most improved technology and improves the overall security of the organization. All three of those reasons are tied to cost savings for an organization. Also, having an MSP means the hardware, maintenance, keeping up with new compliance requirements

and the continuation of training staff and obtaining certifications are the responsibility of the MSP. For an organization to take on and maintain these tasks would be expensive endeavors. For all these reasons and more having a MSP can help in reducing an organization's overall costs.

Over the past few years the move to cloud storage and computing has also helped organizations cut costs. The benefit of this move has changed technology from a capital expense to an operating expense. This has drastically cut costs for organizations. Also, the computing capability increases and this allows the IT teams to concentrate on the strategic initiatives of the organization. Cloud services mixed in with what an MSP provides creates a perfect storm of cost savings for an organization.

Per Citrix.com:

- 61% of workers report working outside the office at least part of the time.
- The number of devices managed in the enterprise increased 72% from 2014 to 2015.
- Employees utilize at least 3 devices for work related activities.
- 90% of organizations deploy passcode enforcement, the most common device level policy.

Conclusion

The technology landscape is changing every day making it hard for most organizations to stay up to date. Not only is the technology changing but how and where we have access has changed. With all these changes it makes it harder for organizations to focus the majority of their time on the strategic initiatives but rather focusing on the daily tasks required for their organization to run smoothly on a daily basis. Many organizations have turned to managed service providers for helping in handling these tasks. The factors that have led organizations to MSPs include:

- Increase in the complexity of today's technology and the erosion rate of today's technology.
- Even more emphasis on finding cost saving efforts.

- More regulations and requirements in place requiring companies to stay compliant, which falls beyond the scope of most IT departments capabilities.
- More emphasis on security and securing one's network, especially when working within a cloud.
- Wanting the in-house IT staff to focus more on revenue-generating functions instead of the daily required tasks.
- Allowing someone whose expertise is in these areas handle these matters.

There are also reservations organizations have when it comes to working with MSPs, they include:

- Losing total control over one's system and network.
- Trusting a third-party to look after and make sure your network is secure.
- Fully understanding what is covered in the service agreement and at the service agreement level.
- With managed services being a fairly new industry, finding a provider who has the track record required to handle your system and network.
- Organizations are in a wait and see approach to see how others handle making the switch to a MSP.

Despite these reservations organizations are turning to cloud and managed services to help reach their organizational goals.

For more information on managed services or to set up a demonstration [click here](#) to contact Sath.