Partner Playbook: Small Business Managed Services

Transforming Your Business — Growth and Profitability with a Cisco Small Business Managed Services Practice

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Introduction

About This Playbook

This Playbook, Transforming Your Business, is provided as a guide for company owners who are considering transitioning current business offerings or expanding an existing Managed Services practice in order to propel the growth and stability of their business. While not intended to review every topic in detail, this playbook covers the basics of setting up your Managed Services practice and provides a summary of upside, opportunities and risks you will need to consider.

This document introduces the opportunities for growth and profitability that can be realized through a well-planned move to Managed Services. It describes the profile of successful Managed Service Providers (MSPs), discusses the key management decisions that business owners need to make, and identifies critical operational components. Lastly, this Playbook provides valuable tools for business owners to assess their readiness and take the next steps toward building their MS practice.

This playbook provides guidelines on the critical operational components of your MS business, including Financial, Operational, Sales and Marketing structure, process and procedures.

There are many key areas that will need to be further defined by you and your team as you expand and grow your Managed Services business. In addition to using this Playbook as a reference tool to get started, consider obtaining assistance from a key vendor or outside consulting firm that can offer experience to assist you as you transition your business.

Managed Services Defined: Small Business Solution Providers

Managed Services are recurring services provided either on-site or remotely on a contractual basis. Through a comprehensive Managed Services contract, you are the outsourced CIO for your Small Business clients, providing them IT services and expertise at a level and cost that would normally be beyond their reach.

Managed Services Providers (MSP) provide a full suite of infrastructure support services, defined by a Service Level Agreement (SLA) and offered at a fixed monthly price to the client. This full suite of services can include remote monitoring, alarming, and reporting for LAN and WAN infrastructure services, security services, and voice services; proactive maintenance, onsite support and help desk for additional components of the network or UC infrastructure, and can also include computing hardware such as desktops, servers, IP phones and printers.
Managed Services are:

- Outsourcing of an IT management process from the customer to the MSP.
- Defined and Measured by Service Level Agreement (SLA).
- Predominantly pre-scheduled, preventative and proactive.
- Billed monthly at a fixed, scalable rate, often priced on a "per unit managed" basis.

Managed Services are NOT:

- A product sale followed by a support contract.
- Measured by time invested or billed on a time and material basis.
- Reactive, “break/fix” services; the goal is to prevent a break in the system.
- Projects.

As a Solution Provider, developing a significant Managed Services practice can be highly profitable and provide ongoing stability. As companies of all sizes continue to look at ways to cut costs, having a single service provider who will establish and maintain a top-level IT infrastructure that is secure and that helps them run their business more cost effectively, is of tremendous value. This allows the Small Business owner to focus exclusively on their core mission, and leave IT support to the professionals: You!

Section 1 - Overview of Small Business Managed Services

1.1 Managed Services Directly Answer the Industry Trends and Challenges Affecting Your Opportunity to Grow and Manage Your Business

Budget and Credit Constraints

- The economic impact of IT investments affects both you AND your Small Business customer. In the face of today’s uncertain economic conditions Managed Services offer compelling value by reducing business and financial risks for your Small Business customers. As their MSP, providing services remotely on-line streamlines your operations and allows you to have predictable labor requirements, reducing the overall cost of your deliverables.

- With IT expenditures often constrained by tight budgets and limited access to credit, Small Businesses find flexible, pay-as-you-go plans extremely attractive for continuity of critical IT needs. For an MSP, Managed Services provide an opportunity for you to manage economic risks yet still deliver competitive and differentiated services to your Small Business customers. Creating standardized, repeatable services packages allows you to develop your own branded offerings at a reasonable cost to the Small Business customer, while at the same time generating attractive margins.
Outsourcing

• Acceptance of outsourcing IT management is at an industry high and continues to gain momentum. In Q4’2009 60% of Small Businesses stated that they were interested in Managed Services; an increase of almost 100% over a period of just 3 months. (AMI Partners, 2009) This represents an acceleration of a trend that started in 2008. (“29% of Small Business owners with under 100 employees plan to move to Managed Services this year” – TechAisle 3/2008) and showed that during the past year, as many as 8 out of 10 small businesses have investigated some form of managed services for their businesses. (AMI ’09)

• Small Businesses often lack in house IT expertise, particularly in the days of “lean and mean” organizations. As an MSP you have the ability to offer expertise without the expense, provide comprehensive delivery and support to meet the unique requirements of Small Businesses and ultimately allow your customers to stay focused on their core business competencies.

IT is a Volatile Expense

• Outsourcing leverages IT investments for your customers. Because they are not IT experts, many Small Businesses find it extremely difficult to consistently and efficiently leverage their IT investments to lower IT costs.

• Small Businesses benefit by reducing or eliminating IT emergencies, improving system uptime and efficiently managing their IT budgets. Over time IT becomes a predictable and subsequently, a much more manageable operating expense.

• Outsourcing Manages IT Expenses. By outsourcing to an MSP who offers their clients tools and methods with proven ROIs, IT costs can be lowered, downtime is minimized and ongoing support requirements are eliminated.

1.2 Managed Services Represent a Significant Market Opportunity for You as a Managed Service Provider (MSP)

Managed Services Represent Market Growth Throughout the IT Industry

Managed Services is one of the highest IT growth areas with global revenues expected to total $70 billion in 2010 or 16% of all channel revenue. This segment is expected to continue to grow at a rate of more than 15% annually for the next 5 years. (IPED 2009).

Techaisle research (2009) also shows that the Small Business Managed Services market in North America totaled $3.6B in 2009 and that 23% of Small Business customers utilized Network Infrastructure Managed Services. Clearly, this represents a significant potential market.

As an MSP, you have the opportunity to:

• Sell specific services that represent your strength and core expertise.
• Expand the share of IT services revenue from your existing customers by offering a hybrid model of Managed Services and IT projects.
• Grow your customer base by efficiently scaling your services offerings to new customers.
Generate Recurring Revenue and Long-Term Growth for Your Business

MSPs generate more revenue from Managed Services and IT consulting and less revenue from products and projects. The result is:

• A more predictable, recurring revenue stream with improved margins and a highly scalable and efficient business model.

• Growth coming from converting existing clients to multi-year agreements, and adding new customers that are attracted by the benefits of the model.

• Almost every prospect in your trading area has the potential to become a new client.

1.3 The Benefits of a Managed Services-Centric Model are Significant

Margin Structure and Predictable Revenue Growth

Increased margins and more scalable revenue provide the most compelling reasons to move to a Managed Services model. Specifically these include:

• Flexibility of Offerings. You have the flexibility of determining which services and product mix you are best able to support. Based on your skills, this may range from a la carte services to a complete solution.

• Scalability and Profitability. As efficiencies are introduced, Managed Services revenue is more scalable and profitable to deliver.

• Recurring Revenue Stream. Because the revenue is built on a recurring revenue stream from existing customers, a higher percentage of partner revenue is guaranteed from year to year. Adding this to new customer sales, total partner revenue growth is incremental and consequently more predictable and stable.

Customer Loyalty and Retention

Once a customer is set up on an on-going service, if you are meeting the agreed SLAs, maintaining system performance and keeping users productive as promised, it is very hard for them to switch vendors for several reasons:

• Your Small Business customers have unique needs. Managed Services encourage unique relationships based on solutions that are specific to the customer’s needs.

• Technology standards connect your clients to you. If the client has adhered to your technology standards it’s extremely hard to contract with another Service Provider who may or may not support their current environment.

• Managed Services require a level of trust and partnership. Your customers will undoubtedly recognize that you know their business better than anyone else. As their business grows, your business grows.
In sum, by staying close to their customers, partners that deliver Managed Services, and do it well, have a higher rate of customer satisfaction and retention, ultimately resulting in lower cost of sales, lower costs of services delivery and increased profitability over time.

**Gain a Competitive Advantage**

Differentiation is one of the strongest competitive advantages you can create for your business. As a provider of Managed Services you are able to set yourself apart from the majority of Solution Providers, many of which are only offering a time and materials service in an era when the demand by Small Businesses for secure, remotely managed environments is growing rapidly.

- You allow your customer to receive the benefits of a more sophisticated solution without the cost and investment in internal IT staff.
- By offering a set of services that includes required tracking, documentation and security, you provide your Small Business customers high business value that transcends their IT investment.

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**MANAGED SERVICES ARE BOTH VIABLE AND CRITICAL FOR SMALL PARTNERS**

**Win-Win Value Proposition**

Managed Services creates a “win-win” for partners and customers. In today’s uncertain economic conditions, the Managed Services model is even more compelling by creating value for you and your customer based on efficiency and minimized risk. Both sides benefit from the formula of remote services delivery: standard, repeatable product offerings plus predictable and lower labor costs improves quality and reliability while also delivering lower prices to the end customer and better profits for the MSP.

**Create Your Own Brand**

Managed Services are all about branding and an opportunity for you to stand out, and Best-in-Class partners create their own. As an MSP, your company value proposition increases dramatically as you transition from a reseller competing on a “lowest cost” basis to a Trusted Advisor/Business Partner competing on a “value-added” basis. Your company quickly becomes defined by your branded product offerings and solutions.

**Business Growth and Stability**

Managed Services represent a viable opportunity for you to achieve long-term stability for your business. Best-in-Class MSPs far exceed the average solution provider in terms of gross margins, (65% vs. 38% for 2008) which leads to improved profitability, revenue growth and financial stability as well.

IPED 2009
Network Infrastructure Managed Services – The Right Place to Start

Network Infrastructure Managed Services presents an ideal launching pad for SPs to initiate their Managed Services practice. The combination of the following factors will reduce the risk to partners and increase the likelihood of a successful start:

- Leverages Partner’s existing practice and expertise
- Is part of a large and growing market for business services
- Benefits address issues specific to the needs of Small Business customers
- Utilizes proven network equipment technology and Remote Management Software

Now is the Time to Make the Move

| Your Customers are Motivated | • Need – The current economic climate does not diminish the need of your customers.
|                            | • Motivation – Customers are more motivated than ever before to reduce their total cost of ownership in IT.
|                            | • Financial Benefits – The financial benefits and flexibility that they receive from switching to buying IT via a Managed Services contract is extremely compelling in today’s economy.
|                            | • Increased Prospects – Ultimately it allows the Solution Provider to sell to a whole new set of clients that may have deferred this type of investment until a later date. |
| You are Investing in Your Future | • Lower Opportunity Cost – During this period of lower demand and fewer transactions, forward thinking Solution Providers are taking advantage of the lower opportunity cost by using available funds to invest and establish a new Managed Services practice.
|                            | • Future of IT Delivery – Managed Services represent the future of IT delivery and support for Small Businesses. |
| You Will be Growing Your Business on a Financially Sound Business Model | • Business Stability – Managed Services offer long-term business stability through a recurring revenue model and the opportunity to build significant and consistent cash flow growth.
|                            | • Equipped for Economic Challenges – As an MSP, you are better equipped to weather an economic downturn due to the ongoing nature of these agreements. |
| You Will Increase the Value of Your Business | • Higher Company Valuation – Ongoing revenue stability is reflected in higher company valuations for MSPs with significant recurring revenue contracts on their books when compared to companies employing traditional IT business models.

IPED 2009
Section 2 – What Success Looks Like

2.1 Benefits for Your Customers are Driving Managed Services Adoption – What Do They Look Like?

Managed Services offer compelling value to your Small Business customers by reducing key business and financial risks. IT expenditures are converted from a capital intensive, fixed expense to much more manageable operating expenses. Flexible, pay-as-you-go plans are extremely attractive to Small Businesses to manage economic risks.

- Customers achieve a more sophisticated networking solution without the cost and investment in internal IT staff.
- Customers minimize downtime and eliminate most of their ongoing support requirements as all support is provided by the MSP.
- Customers reduce or eliminate IT emergencies, thereby improving system uptime and efficiently managing their IT budgets.
- IT ultimately becomes a predictable and reliable service.

2.2 Successful Partners Carefully Leverage their Existing Business – How Does That Apply to Your Business?

Start with a Hybrid Model. High performing MSPs initially focus their practices on selling and delivering specific services that are based on their strength and core expertise. Your initial strategy is to expand your share of IT services revenue from existing customers by offering a hybrid model of Managed Services and IT projects. Existing customers are often easier to sell, and because you have already established a “trusted advisor” role, your customers are more likely to be comfortable acting as initial or trial accounts, giving the Small Business MSP time to refine and perfect their delivery and support operations.

Generate Positive Short Term Cash Flow. An important benefit to you as an Small Business MSP as you continue to generate and leverage your project-based business, is the positive impact on short-term cash flow. Generating positive cash flow from projects serves a dual purpose: maintaining a strong operating income level and reducing the amount of investment capital needed to fund the growth of the Managed Services business. You know the limits of your outside sources of capital. If internally generated profits are important for you to fund your new Managed Services-centric business, then the need to generate short term cash flow is a critical consideration.

Methodically Leverage Your Existing Customers. Once a solid foundation of operational experience has been established, you will be able to leverage long-term reference accounts to expand your customer base. This will allow you to efficiently scale your services offerings based on a set of core offerings and:

1. Develop a cost-effective standardized set of Managed Services offerings,
2. Create opportunities and sell more to existing customers
3. Differentiate yourself from the majority of Solution Providers
4. Identify new prospects who may have deferred this type of investment

While these factors are all compelling, many Small Business owners easily argue that their most important benefit is the opportunity cost savings realized in the utilization of their scarce resources. With Managed Services adoption, Small Businesses can keep their limited technical staff focused on core business demands and revenue-generating opportunities.
2.3 Successful Partners Have a Distinct Profile

Best-in-Class Partners exhibit characteristics that affect all seven (7) elements of good Channel Financial Health. In fact, a stable, sustainable Partner financial condition is as important as technical skills, sales resources, market coverage, program participation, and business engagement to their overall success.

Best-in-Class MSPs generate more top-line revenue from Managed Services and IT consulting (technical, professional) and less revenue from products and projects. Managed Services represent an opportunity for you to join other MSPs and exceed the average solution provider in terms of revenue growth, net profitability (20%+), and financial stability. You have an opportunity to generate long-term financial strength and business stability. As a result you will be better equipped to weather an economic downturn due to the ongoing nature of the service agreements. In the most recent down market Best-in-Class MSPs saw revenue continue to grow.

Evolving Business Model

Managed Services is the preferred business model among the Best-in-Class MSPs who are:

- Evolving their business to adapt to new buying preferences and delivery options.
- Employing a disciplined approach to transform their businesses while maintaining core clients and revenues.
- Gradually transitioning to a higher percentage of all types of services.
- Offering Managed Services that leverage capital and expand customer relationships.
Best-in-Class MSPs move their business model toward Managed Services faster than average partners. The goal for you is to evolve past the point where services of all types, including Managed Services, make up 60%+ of total revenues. This ongoing structural change makes you more relevant to your customers and significantly improves the “quality” of your revenues; delivering higher margins and recurring cash flow.

Key Differentiation
Best-in-Class MSPs typically define their key differentiators as:
- Delivering Outstanding Tech Support and Service
- Playing a Trusted Advisor Role
- Helping Customers manage risks
- Understanding complex technologies
- Providing Vertical Market Expertise

Outstanding Service. Value is delivered through outstanding and consistent service and can make or break your reputation and success in a Managed Services model.

Well-defined Brand. Brand and positioning are the foundation for presenting your Managed Services portfolio of services. Developing your own branded services provides an opportunity for improved margins and competitive positioning. Adding vendor-branded services where appropriate also improves your own brand. You can easily assemble your MSP offering starting with specific vendor products and technologies, then integrating a RMM Platform, and then adding and branding your own partner-delivered services. Defining and expanding your own brand becomes a critical business strategy.

Well Communicated Value. Lastly, clearly communicate the value of your services. Prepare your sales people to talk to business owners and equip them with the appropriate sales tools to present your services value proposition.
2.4 Managed Services Business Cases

Case #1 - Benefits for Your Customers are Driving Managed Services Adoption – “The Transition to Managed Services Builds Revenue, Adds Profits.”

- A $2 million MSP has gradually transitioned its business over a 3 year period to achieve a base of 50% Managed Services.
- Key factor in becoming an MSP was the ability to have more predictable revenue.
- Convincing customers is challenging … But once customers understand how much their downtime costs, they become receptive.

Case #2 – Successful Partners Carefully Leverage their Existing Business – “Demand for Remote Monitoring and VoIP Managed Services – Leverages Partner’s Skills and Strengths”

- A 2-year old MSP now generates 40% of its $2.8 million revenue in Managed Services.
- Customers buy a la carte, allowing the MSP to plan and manage for better profitability for each account by knowing exactly what resources are needed.
- Customers understand they can increase their efficiency and decrease their overall costs by outsourcing IT to trusted advisors.

Case #3 – Successful Partners Have a Distinct Profile – “Instilling the MSP Mindset – Job 1 for a Successful Launch”

- A $17 million MSP generates 40% of its revenue from Managed Services.
- Became an MSP for the recurring revenue and profitability that can be derived from the revenue stream.
- Key challenges are educating the team and changing the minds of existing clients.
- Customers today are beginning to understand the importance of being proactive in maintaining their equipment and eliminating downtime.

“All in all, we expend less resources, work smarter and do a better job for our customers. … we are more consistently profitable on a month-to-month basis.”

“We became an MSP to leverage our skills in managing applications and apply them to a broader set of services, such as data backup and restore, email and web defense, business continuity…”

“As an MSP, we realize efficiencies in our operations, as well as benefits for our clients.”
Section 3 – Key Management Decisions

Key Topics Drive Business Decisions
When building or expanding a Managed Services practice, you, as a business owner and leader will need to make a series of key decisions to establish your specific foundation for success. These decisions are centered primarily around adapting and modifying your business model, rather than the technology challenges involved.

Following are important topics to be considered as you plan your own Managed Services business and your transition to a Managed Services business model. They are all intended to be situational and should be evaluated relative to your unique business context and business model. Your answers will help you determine the size, shape, and complexity of your Managed Services business.

These issues may be associated with starting a new operation, adding new products/services to your existing business, or scaling your business for growth. As such, it is vital that you consider them outside the constraints of daily operations or other tactical issues facing your business today.

3.1 Topic #1: Building Your Managed Services Portfolio

Understand Partner Costs and Investment
Your Products Must be Completely Packaged. Implementation plans; project management; equipment procurement/acquisition; pre-installation staging; product integration and installation; orientation and training; provisioning and connection of “external” communications; acceptance testing and certification; documentation; and Post-Implementation support, reports and audits must all be included.

Your Managed Services Offerings Define Your Brand. Because Managed Services are technical and ongoing by definition, the systems and methods you deploy, as well as the depth of knowledge, skill and experience of your people, determine your brand and perceived value to the customer. Execution and quality ultimately will define your business value to the customer and distinguish your reputation in the market.

Your Managed Services Portfolio Development is Strategic to Your Business. As a business owner you need to think and plan strategically. Some considerations in determining your Managed Services product offerings include:

- **Target Customers.** Determining in advance your product mix for different customer types is important. Which products will you plan to sell to your current clients vs. new customers?
- **Developed In-House vs. Vendor.** Will you define, create, and manage your own services packages or outsource them from your vendor, supplier or partner?
- **Methodology.** What systematic implementation and operation planning and management/tracking/billing methods will you devise and deploy?
- **Fee structure.** Will you charge your customers an inclusive fee, or will you allow your customers to select the items that they want? Will you offer your contracts for a variable period of time based on achieving defined quality criteria?
- **Systems Integration.** What implications will this have on your planning and team capabilities as your solution interfaces or integrates with other vendor systems or products?
3.2 Topic #2: Your Total Business Investment

Total Cost of Ownership (TCO) – TCO considerations for developing a Managed Services business typically include costs associated with establishing a Network Operating Center (NOC):

- Acquisition cost for equipment
- Capital investment for facilities
- Increased operating expenses

(Note: See Section 6 (Resources) for a “Host or Resell” Worksheet for guidance on this topic.)

Ramping and Scaling an Existing Managed Services Business – Best-in-Class partners often achieve breakeven on their incremental investments in 18 months. Depending on your prior investment in systems and people, you may be able to ramp and scale your Managed Services business without too much of an additional investment.

3.3 Topic #3: Resource and Skills Identification and Acquisition

Product-based to Services-based Transition – Running a transactional/product-based business is fundamentally different from running a Managed Services business. And running a business based on Managed Services is different from running a Solutions business that is based on implementation and ongoing break/fix support. Each presents different issues in terms of customer and operational challenges.

Some areas of skills and resources that might be different as you develop your Managed Services business are:

- Project Management Expertise
- Technical Services (Operations) Expertise
- Sales Skills
- Customer Relationship Management

3.4 Topic #4: Optimal Size of Your Managed Services Practice

Sizing your Managed Services practice is unique to you as the owner. There is no right or wrong size. You may prefer running a small, focused Managed Services practice alongside your core business that provides specific types of services to a limited number of customers, or you may decide to provide a broader menu of services to a larger quantity of customers.

The optimal size for you and your business will ultimately depend on your ability to address the following in a manner that makes sense for you:

- Human Resources Issues – managing a larger team
- Financial Management Issues – capital investment and cash flow
- Business Management Issues – operating in a new business model
3.5 Topic #5: Organizational Structure and Delivery Staffing

Considerations for your organizational structure and management reporting include:

- Precise Definition of Job Roles and Functions
- Management Reporting Structure
- Business Structure (Profit Centers)
- Budget Management

It is important to remember the distinction that technical services groups are responsible for the installation of the products while professional services provide ongoing support and manage the client relationship. These areas require different skills and techniques.

3.6 Topic #6: Creating/Expanding a Sales and Marketing Plan

The techniques for effectively creating a brand, communicating your message, identifying legitimate prospects and then navigating the sales process is materially different for Managed Services companies. Your sales and marketing programs need to recognize the differences and proactively act to establish new marketing and lead generation, updated sales process and compensation programs. All must be specifically designed to support your Managed Services business messages and model.

3.7 Topic #7 – Resources for Execution

In many cases, small organizations that are evolving their Managed Services practice from a traditional services-only model often are more isolated in their business operations than larger, product sales-focused businesses that are more likely to participate in vendor-sponsored programs, distributor-sponsored programs, and have access to other industry-standard resources.

Gaining access to these types of programs from your vendors and providers is critical to building a strong Managed Services practice.

The business operations of a Managed Services-focused business are often more complex than a sales-focused business, meaning they are often in need of more support resources. It is critical to the success of a business increasingly focused on Managed Services to know what parts of the business can be managed by internal resources, and what parts of the business would benefit more from the assistance of outside experts.

Some of the areas where you may benefit from outside assistance include:

- Marketing Services – building and executing a plan
- Financial Services – cash flow management
- Recruiting Services – specific skills and experience
Section 4 – Establishing Successful Managed Services Operations

The following information guides you through an overview of the most critical tactical issues you will face when running a business built around a recurring revenue model. While it does not review every topic in detail, this section covers the basics of setting up your Managed Services offerings and provides a guideline for all the key areas that will need to be further defined by you and your team. These sections outline the fundamental elements needed to develop, operate, and continuously improve your Managed Services practice.

4.1 The Initial Steps to Creating the Right Managed Services Offerings

Constructing a Managed Services portfolio requires careful planning and thought. The portfolio can easily grow over time, but it is important to start small. Growth is always easier to manage than retraction.

Take a quick assessment of where you are.

1. What technical Managed Services are customers most likely to need and be willing to pay for?
2. What technical skills does your team already possess that are required for delivering Managed Services to your customers?
3. What types of Managed Services can you manage successfully in a production environment?
4. What Managed Services complement the traditional services and IT products you currently offer to your customers?

4.2 Selling Methodologies and Incentives

The strength of your sales team makes or breaks your ability to engage your existing as well as new customers for your Managed Services offerings.

**KEY SALES CONSIDERATIONS**

- **Sales Team Evaluation and Education**
  - Evaluate current skills and capabilities and the ability to adapt to new processes
  - Educate to reinforce the value proposition for planned product offerings and services

- **Team Compensation and Commission**
  - Compensation plans connected to strategy and goals
  - Commission plans updated to reflect new business model

- **Selling Process**
  - Target opportunities in current client base
  - Identify new markets including ideal vertical
  - Define a new, repeatable selling process
  - Train sales team on new process and their new keys to success
  - Develop a proposal design and template for ease of use and repetition
  - Monitor and modify the process from start to finish
4.3 Customer Ramping Process

A hallmark of a successful Managed Services practice is the transition process for bringing new customers online. Specific elements to consider when building your new customer ramping process include:

**KEY ONBOARDING CONSIDERATIONS**

- Customer Assessment – Status of their current environment
- Gap Analysis / Project Definitions – Comparison to ideal conditions
- Goals – Establish desired end point for client experience
- Environment Stabilization – Risks in the customer environment
- Operations Ramp Period – Transition of management SLA enforcement
- Launch Period – Setting an official launch date
- Performance Benchmarking – Customer metrics and measurements

4.4 Service Delivery Operations

Successful service delivery goes beyond the technical procedures for dealing with equipment issues. Successful service delivery is all about process and replication.

Delivery process requires a disciplined documentation of the detailed steps you will follow in every aspect of your Managed Services operation. Solving the technical problems with customer equipment is one part of your business; being able to deliver and replicate those results in a predictable, fashion is equally important. And, this will inevitably drive your bottom line.

Process definitions allow you to:

- Deliver more effective managed services
- Manage your resources more efficiently
- Bring new resources into your business
- Minimize interference with existing operations or the risk of diminishing your quality of service

4.5 Customer Relationship Management

One of the defining aspects of a Managed Services practice is the unique nature of the customer relationship and the expectations of customers and support partners.

Unlike a service practice built around large-scale projects (either Design or Implementation in nature), a Managed Services practice generates a continuous “flow” of issues that customers expect to be resolved quickly and without hassle.
Even a very strong and positive support relationship can quickly deteriorate if one issue is mishandled or one challenge is unresolved. Further, one of the most persuasive elements of your value proposition to customers is that, through preemptive actions and other trending/tracking activities, you should be able to eventually reduce if not eliminate the bulk of technical challenges.

A Managed Services business also has a second, “implied” set of challenges.

- If you fail to eliminate technical issues, the customer may wonder if you’re up to the job.
- If you succeed, the customer may become complacent and begin to wonder what they’re paying for.

Balancing this dynamic can only be done through a series of carefully planned, systematically executed communication tactics that maintain customer awareness of and confidence in your value. This is the heart of a long-term contract for delivering and managing Managed Services.

### 4.6 Process and Infrastructure

Throughout this playbook the concept of “process” is mentioned many times as a critical element of your success. This is true for the Managed Services business model more than any other type of service business. Your value is not just in the people who perform services or the problems they resolve, but in the confidence the customer has that you will be able to solve problems yet to occur.

Careful process definitions provide you with a reliable infrastructure for gaining customer confidence and earning a reputation for precision and reliability.

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**KEY CUSTOMER RELATIONSHIP MANAGEMENT CONSIDERATIONS**

- Regular Service Reporting
- Quarterly Business Reviews (QBRs)
- Urgent Issue Notification
- Service Evolution Roadmap
- Annual Account Review
- Ongoing Account Management
- Cross-Selling Management

---

**KEY PROCESS CONSIDERATIONS**

- Process Definitions (What, when and how)
- Metrics/Tracking/Internal Reporting (Effectiveness)
- Continuous Improvement Goals (Milestones)
- Tools and Automation (Increased efficiencies)
- Partnering Strategy/Process Outsourcing (Adding Capabilities)
4.7 Financial Management

No matter how valuable or effective your IT managed services are, you still need to carefully track and manage the financial aspects of your practice. A Managed Services portfolio can provide the stable, high margin revenue that will sustain your business and allow you to invest to grow, but managed poorly, costs can escalate, revenues can diminish, and margins can disappear.

It is important to seek out professional financial advice before making any major adjustments to your business model or financial management processes, however, some of the critical elements of your financial management plan must be:

Key Financial Ratios – Key Performance Indicators (KPIs)
Best-in-Class partners adopt a metrics-driven management approach to Managed Services, guided by the following Key Performance Indicators (KPIs):

<table>
<thead>
<tr>
<th>Critical Key Performance Indicators</th>
<th>Rationale &amp; Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing Return on Investment (ROI)</td>
<td>Provide visibility into marketing effectiveness at the campaign level, comparing leads generated to money spent.</td>
</tr>
<tr>
<td>Growth by Revenue Type</td>
<td>RMM solutions sales include a recurring revenue component that will affect sales forecasting. The pipeline should be tracked separately from on-premise deals</td>
</tr>
<tr>
<td>Customer Acquisition Costs</td>
<td>“CAC” = the ratio of gross margin for total booked business against total marketing and sales costs. A key metric to strive for is a one-year payback on marketing and sales costs.</td>
</tr>
<tr>
<td>Customer Lifetime Value</td>
<td>“CLV” = Total potential revenue over a 5-year contract MINUS customer acquisition costs for Year 1 and customer support and account management cost for Year 2 through 5. While the value of a one-time deal is easy to calculate, the metrics around whether a Managed Services contract will be profitable are more complex. Your goal is to ensure that the ongoing value supports ongoing administrative and services costs to support the account.</td>
</tr>
<tr>
<td>Services Utilization</td>
<td>Tracking utilization rates for Managed Services personnel is important due to the tighter margins and the use of predefined, fixed-price packages.</td>
</tr>
<tr>
<td>Customer Renewal Rates</td>
<td>Best-in-class expectations call for renewal rates in the 90 percent plus range. It is important to establish regular contact with clients quarterly while delivering services under the SLA to ensure satisfaction and renewal.</td>
</tr>
</tbody>
</table>
4.8 Organizational Development

Running a Managed Services business can start out as dramatically more complex than traditional IT business models. Many service-based businesses neglect the organizational side of the business while focusing too much on simply doing the technical work.

It is precisely this approach that ensures that small businesses will stay small. Ensure the continued health and vitality of your business by planning ahead for structural, skills and capacity requirements that will inevitably become an issue at some point in your evolution.

Section 5 – Assessing Your Readiness – Are all the Pieces in Place for Your Business to Succeed?

Partners developing a Managed Services practice need to objectively and accurately assess where they stand against the key attributes for developing a successful business as an MSP. If you are reading this it is assumed you have already made the decision to begin developing a Managed Services practice or you are looking to optimize and expand your current Managed Services business. In measuring your readiness versus required key attributes, you should be prepared to be brutally honest in assessing your current state, skills, resources and ability to invest.

5.1 How do you Determine Your Readiness?

There are four fundamental areas that you will need to review when assessing the positioning of your business, and your ability to adapt to the MSP business model:

1. Business Maturity and Stability
   • Technology – Technologies currently offered and supported by your organization.
   • Revenue by Category – Source of your revenues by category (hardware, software, professional services, and vendor maintenance services).
   • Managed Services revenue, if applicable.

2. Priority and Commitment
   • Budget – Your ability and willingness to dedicate a budget to marketing Managed Services.
   • Product Mix – Agreeing where Managed Services will fit in terms of other practices you may have or want to develop.
   • Personnel – Assigning available personnel within your organization to the Managed Services Practice.
3. Technology and Delivery Capabilities

- Registrations and Certifications – All technology areas you will need to support your Managed Services offerings (including ISO 20000 and ISO 27001).
- NOC – Ability to provide 24/7/365 service availability with full continuity and redundancy.
- NOC Staffing and Training – Plan for adequate NOC staffing and training to keep your NOC staff current.
- Capacity – Determine the services capacity for launching and transitioning new clients.

4. Marketing and Sales

- Existing Customers – Understand your existing customer base and the percentage likely to purchase Managed Services.
- Selling Skills – Review the capabilities and consultative selling skills of your sales team.
- Commission Structure – Comp plans including incentives to support a Managed Services model.

5.2 What is the Profile of a Partner Who is Ready-To-Go?

Below is a composite of a typical partner who is positioned to excel at expanding and ramping a Managed Services practice:

1. Offers comprehensive Network Infrastructure solutions
2. Resells leading Network Infrastructure solutions vendors (tier-independent)
3. Actively discusses Managed Services today with their customers
4. Currently provides some basic Managed Services built around Network Infrastructure or Unified Communications

“READY-TO-GO” PARTNERS POSSESS THE FOLLOWING BEST-IN-CLASS CHARACTERISTICS FOR SERVICES-DRIVEN BUSINESSES:

- Strategic partnerships with a limited number (3-5) of leading vendors
- Business focus is on providing technology consulting, support and risk management to clients
- At least 50% of revenue derived from services, including Managed Services
- Market their own partner-branded services offerings, often incorporating multi-vendor solutions
- Have a dependable services revenue stream
- Have access to working capital needed to fund the expansion

5.3 What are the Critical Funding and Financial Management Considerations?

Both starting and expanding a Managed Services business requires a thorough understanding of the financial commitment that you are capable of and comfortable with making to develop a growing practice.
Specifically there are two important financial considerations:

1. **Capital Investment** – Investing in new equipment that will be needed to develop a Managed Services infrastructure. In addition to equipment, up-front investment in software, tools and developing supporting sales materials.

2. **Working Capital** – As your business model shifts from projects to services, your revenues and cash flow will also shift. Understanding your new cash flow needs and then securing the appropriate line of credit to support client growth is fundamental to a successful start.

### 5.4 What are the Risks to Your Business?

The rewards of change typically bring a certain amount of risk. A successful evolution to a significant Managed Services practice is all about understanding and anticipating risks so that they can be effectively and efficiently managed. Following are the key areas of risk for you to consider:

- **Operational Risk**
  - Capability and capacity to efficiently operate a Managed Services NOC.
  - In the absence of a NOC, mitigate risk through the use of a 3rd party facility.

- **Organizational Risk**
  - Balanced skill sets including technical, support, marketing and sales.
  - Organizational skills in core areas – Best-in-Class partners never outsource this.
  - Decrease risk through well-developed technical skills on your team.
  - Incorporate flexibility through trained backup personnel.

- **Financial Risk**
  - Ability to make the required investment for equipment, supporting tools, and training.
  - Ability to weather gaps in short-term profitability for long term gains.
  - Access to working capital.

- **Sales Risk**
  - Sales processes in place to support Managed Services.
  - A sales team that can make the transition from selling products to selling recurring services.
  - Current customers who will be interested in making the transition with you.
  - Ability to compete effectively in the selling process.

### 5.5 How Will You Manage and Mitigate Your Unique Risks?

**Every partner faces different issues. Understanding your unique risks is the first step**

- Where are your strengths and your weaknesses?
- Completing an honest self-assessment and developing a plan to both address weaknesses and build on strengths is the foundation for all that follows.
Evolution or Revolution – Which is best?

- A complete break in business model (revolution) may allow your entire team to focus on Managed Services but will exert extreme pressure on your cash flow needs and increase your risk.
- Evolving your model allows you to transition customers where there is interest while maintaining your current cash flow from projects and maintenance. This will also allow you to expand your team skills and experience without straining your most important customer relationships.

Successful Risk Management Strategies

- Focusing on the most important steps sets the stage for what follows.
- Each is critical to allow you to manage and reduce risk. Which comes first?

**Identify and Prioritize Your Skill Gaps – Get the People Issues Right From the Beginning**

- People are the first priority. You must have the right team to sell and deliver the services.
- Draft your processes and have workflows in place so you know not only exactly what skills you are going to need for your Managed Services offerings, but also the characteristics of those skills and tools.
- Using the simple tools provided with this book you can quickly assess where you are in each area and then create the appropriate process to fill the gaps.

**5.6 Tools – Readiness Checklist**

Partner Readiness requires a self-assessment of three areas that drive your business: maturity, priority, and commitment. Refer to Section 6.6 for the Readiness Checklist.
Section 6 – Resources to Help – Success Stories and Information

If you have already made the decision to begin developing a Managed Services practice or you are looking to optimize and expand your current Managed Services business, this section provides background information and guidance on the advantages of leveraging your partnership with Cisco.

If you are building your plan, and have assessed where you stand against the key attributes for developing a successful MSP business, you are ready to take action. This section also provides links for providers of independent training and advice to validate your next steps, and for guidance on best practices in all aspects of Managed Services business formation and growth.

6.1 Examples of Successful Small Business-focused Partners

Please follow this link to view the full case studies: “Lessons Learned From Experienced MSPs”.
http://www.cisco.com/web/partners/sell/smb/products/services.html#--building_your_services_practice

<table>
<thead>
<tr>
<th>Title</th>
<th>Location</th>
<th>Company Size</th>
<th>Year Founded/Became MSP</th>
<th>Key Partner Benefits</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>VP and CTO</td>
<td>Mountain West</td>
<td>$2 Million</td>
<td>1999/2004</td>
<td>Predictable Revenue Stream</td>
<td>1</td>
</tr>
<tr>
<td>CEO</td>
<td>Upper Midwest</td>
<td>$6 Million</td>
<td>2004/2006</td>
<td>Trusted Advisor Role</td>
<td>2</td>
</tr>
<tr>
<td>President</td>
<td>Northeast</td>
<td>$2.8 Million</td>
<td>1999/2007</td>
<td>Leveraging Broad IT Skills</td>
<td>3</td>
</tr>
<tr>
<td>President</td>
<td>Midwest</td>
<td>$17 Million</td>
<td>1985/2004</td>
<td>Efficient Services Delivery</td>
<td>4</td>
</tr>
<tr>
<td>President and CEO</td>
<td>Northeast, Southwest</td>
<td>$154 Million</td>
<td>1986/1995</td>
<td>Strong Customer Relationships</td>
<td>5</td>
</tr>
</tbody>
</table>

6.2 Benefits of Partnering with Cisco to Build your Managed Services Business

The Right Products. As a service provider you can capture new revenue and expand your market share with an integrated managed service offering based on a single, cost-effective platform provided by Cisco solutions for managed Small Business services.

Flexibility of Offerings. Services can be packaged in a flexible and modular design that delivers basic functionality today and scales to accommodate the growing businesses of your company. This flexibility allows you to offer the most appropriate services based on the best approach for specific customers, and create service-bundling strategies that align with Small Business customer requirements over their business lifecycle.
Profitability – All About your ROI. Managed Services is all about quickly building a recurring revenue stream and ultimately increasing the return on your investment in Cisco products and services. Managed Services built on Cisco integrated services platforms reduce turn-up time and accommodate multiple deployment options. This allows you to reach Small Business customers more efficiently and effectively in order to accelerate time to market and revenue capture. Adding to this is a clear up-sell strategy for enhanced and premium services, enabling revenue and growth to become more predictable and your business to become more profitable.

6.3 Managed Services Offerings that Leverage Cisco Technology

Service providers have traditionally provided scaled-down versions of enterprise services to Small Businesses. But, when managed services are tailored for the Small Business and provide fully integrated security, voice, video, wireless, and data solutions, they give Small Businesses the ability to collaborate more effectively with customers and employees. The strength of SB-focused managed services based on a Cisco solution is that all these capabilities are enabled in one package.

Cisco offers a broad, comprehensive, and market-proven suite of services that can be part of a bundled service offering tailored to the Small Business:

**Foundational Network Services.** For example, Cisco’s SBCS system provides a fast, secure, and reliable network foundation for the Small Business and enables connectivity to business applications, remote sites, and the Internet. Managed services in this category include managed routers, managed perimeter security (such as firewall), VPN services, and options for integrated managed LAN services to lay the foundation for future converged services support.

**Enhanced Convergence Services.** Convergence capabilities on the Cisco Integrated Services Router and the Smart Business Communications System deliver integrated data and voice services as well as enhanced communication options such as video and messaging. Managed services in this category include managed unified communications tailored for the Small Business.

**Enhanced Security Services.** Securing company assets must be inherent in successful and productive business communications. Managed Services in this category include managed intrusion detection, enhanced security options to secure content and endpoints, and secure remote access for mobile employees.

6.4 Why Choose Cisco?

The rewards of change typically bring a certain amount of risk. A successful evolution to a significant Managed Services practice is all about understanding and anticipating risks so that they can be effectively and efficiently managed. Your Cisco partnership helps to mitigate the key areas of risk discussed earlier in this Playbook:

1. **Lower Operational Risk** – Cisco solutions have been tested for service interoperability, high availability, simplified setup and support, operational efficiency from fewer devices, and investment protection. No other company offers the depth of features and applications available with Cisco solutions.

2. **Reduced Organizational/Skills Risk** – Cisco on-line tools provide examples, education and resources to allow you and your team to develop the right skill sets in key areas; including technical, support, marketing and sales.
3. Financial Incentives and Resources – Cisco offers a range of financial incentives and programs specifically designed for the needs of partners selling into the Small Business market. Each of these will enable you to improve your margins in the short-term while focusing on the long-term success of your MSP business. Examples of Cisco Small Business incentive programs include:
   a. Small Business Partner Development Funds (PDF)
   b. Small Business Fast Track Program
   c. Small Business Investment Protection Program
   d. Small Business Competitive Switching Program

Note: Current Incentive Program details and more available at:

4. Lower Sales Risk – Leveraging the Cisco brand and proven sales processes enhances the ability of your sales team to make the transition from selling products to selling recurring services. Shorter sales and customer service cycles enhance your ability to win in the selling process with your competitors.

Cisco is taking a lead role in unifying workspaces with the breadth, diversity, and flexibility of its integrated services platforms and its strong community of third-party development and technology partners. Managed Services built on Cisco products and technologies accelerate time to market and revenue for service providers and support the full breadth of customer segments with diverse integrated service bundles.

Combining this with industry-leading commitment to partner success at every stage; enabling, envisioning, building, marketing, and selling Small Business Managed Services tailored specifically for each service partner can help you transform and grow your business.

6.5 What Additional Resources are Available?

Cisco’s commitment to the Small Business market and to enabling service providers to be successful in this space also extends to a number of “go-to-market” programs - such as:

Cisco Smart Business Roadmap for Partners Selling to Small Business:

Cisco Small Business Partner Practice Builder:
http://www.cisco-practicebuilder.com

Cisco Partner Practice Builder provides a clear and straightforward model and tools for going to market. It can help you quickly and effectively prepare your company in terms of organization, sales, service and marketing to offer advanced managed services. The documents and resources you’ll find provide a way to check that everything you need for a go-to-market plan is being covered.
6.6 Partner Tools - Checklists, Worksheets and Case Studies

The following planning tools are to assist in starting and building your Managed Services practice.

1. Readiness Checklist
2. Getting Started Checklist
3. Host of Resell Worksheet
4. Case Studies: “Lessons Learned From Experienced MSPs” (Follow this link to view the document)
   http://www.cisco.com/web/partners/sell/smb/products/services.html#-building_your_services_practice
PLANNING TOOL – Readiness Checklist

Readiness Checklist

Partner Readiness requires a hard look: a self-assessment of three areas that drive your business: maturity, priority, and commitment. Here are representative questions for each area:

**Business Maturity Questions:**
- What technologies do you currently sell?
- What were your product-related sales revenues for the past 12 months?
- What % of revenue comes from hardware and software?
- What % of revenue comes from resale of vendor maintenance services?
- What % of revenue comes from professional services?
- What % currently comes from managed services? Which Technologies?
- How long have you been selling managed services?
- What is the current status of your NOC?

**Short-Term Business Potential Questions:**
- Estimate the % of your customers who will purchase Managed Services.
- How many total customers (existing plus new) will you have immediately after launch?
- How many current, referenceable customers for MS do you count in this list?
- How many people do you have on staff who are experienced in marketing and selling MS?

**Priority Questions:**
- Have you budgeted funds for this effort?
- Are you currently developing other practices? How many?
- Do you maintain a current registration for MS Industry standards? ISO 20000, ISO 27001?

**Commitment Questions:**
- Have sales and services executive sponsors been engaged to support this practice?
- Have sales and services management personnel been assigned?
- Inside and outside sales personnel assigned?
- Professional Services, engineering, support, project management, personnel assigned?
- Have sales incentives been established as different from standard?
PLANNING TOOL – Getting Started Guide and Checklist

Getting Started Guide and Checklist

Assessing Company Readiness (Executive Leader)
(60 days)
- Complete the Readiness Assessment Worksheet
  - Business Maturity Questions
  - Measuring Priority
  - Organizational Commitment
  - Potential for Short-term Business Wins
- Complete the Business Operations Readiness Steps
  - Develop Practice Communications Plan (Benefits, Mission, Vision, Objectives)
  - Establish Practice Financial Plan
  - Develop Functional MBO’s
  - Communicate plan to team
- Review and complete MSCP Requirements
  - MSCP Program Requirements and Application
  - Certifications and Advanced Specializations in place as needed
- Create a Resource Plan
  - Project Management
  - Functional Areas (Marketing, Sales, Delivery, Support)
  - Cisco and Third Party Resources Required
- Third Party Resources and Engagement Processes
  - Requirements
  - RFI and Diligence
  - Contracting, Agreements and Management
- Determine NOC Readiness
  - Complete Make or Buy Determination
  - Platform and Equipment Designations
  - CRM Requirements and Supporting SLAs
  - NOC Continuity/Disaster Recovery Plan
  - Operations Processes
    • Order Management
    • Billing Capabilities and Processes

Establish Go-to-Market Readiness – Marketing Plan (Marketing Leader)
(45 Days – Concurrent with Sales, Delivery)
- Determine Market Opportunity
  - Market Problems and Solutions
  - Determine Target Customers and Market Size
- Establish Service Offerings
  - Service Requirements
  - Service Value Propositions
  - Detailed Services Definitions
    • Feature Roadmaps
    • Pricing and Options
- Determine Marketing Strategy
  - Budget
  - Messaging
  - Lead Generation Plan

Establishing Go-to-Market Readiness – Sales Plan (Sales Leader)
(45 Days – Concurrent with Marketing, Delivery)
- Define the Sales Team Structure
- Define Territories and Coverage
- Determine Sales Skills and Training Required
- Define the New Sales Process
  - Opportunity Management
  - Qualification
  - Demonstration
  - Proposals
  - Diligence, Objections and Closing
- Determine Sales Performance Metrics
- Define Target Markets and Key Accounts
### PLANNING TOOL – Getting Started Guide and Checklist (continued)

**Establishing Go-to-Market Readiness – Delivery and Support (Services Leader)**

(45 Days – Concurrent with Marketing, Sales)

- Complete the Readiness Assessment
- Define the Delivery Team Structure
- Determine Delivery Skills and Training Required
- Define the New Delivery Processes and Methods
- Define required Third Party Resources, SLAs and Metrics
- Determine Project Management Methodology
- Confirm availability of Operations Plans Processes

**Develop Business Optimization Plan**

- Business Processes, Technology, Network Management, Security

**Support Requirements**

- Define the Support Team Structure
- Determine Support Skills and Training Required
- Define the New Support Processes and Methods

**Customer Service Plan**

- Implementation Plans and Framework
- SLA and Performance Management
- Network Performance
- Security and Incident Management
PLANNING TOOL – Resell or Host Decision Guidelines

Host or Resell Worksheet

This worksheet is designed to help a company, who has decided to offer Managed Services make the decision whether to host the service in their own Network Operating Center (NOC) or resell hosting services from a third party. Please keep in mind that one is not any better than the other. Both hosting and reselling can lead to an extremely successful and profitable Managed Services Business. The purpose of this worksheet is to establish the path of least resistance which is most always the best and least risky starting point.

This model is based on evaluating your business on a scale for each of the following criteria. This is a scale, so you probably won’t be all the way at one end or the other, but somewhere in the middle being a mixture leaning toward one side of the scale. Having done that, you must take into consideration all the criteria and determine what makes sense for you.

1. Legacy, or current business model
2. Budget level established for the managed services startup
3. Depth and breadth if installed technical infrastructure
4. Current in-house technical personnel (number and skills)

Legacy Business Model:
Your legacy business model will help determine the easiest starting point for your managed services business. The scale runs from Reseller/hardware model to VAR/Technical Solutions model.

Reseller/Hardware (1)----------------------------------|----------------------------------VAR/Technical Solution Provider(5)

Budget:
The depth of your startup budget will also help determine whether to host or resell.

Small Budget(1)-------------------------------------------------|---------------------------------------------Large Budget(5)

Currently Installed Technical Infrastructure:
The amount of technical infrastructure you currently have will also influence your decision to host or resell. Obviously, if you are a highly technical company with a complex infrastructure in place it would be easier to host, but considering the other criteria, reselling might still be the right decision.

Simple Infrastructure (1)-----------------------------------|--------------------------------------Complex Infrastructure(5)

Current In-house Technical Personnel:
Managed Services remote monitoring requires technical personnel to monitor and if necessary, fix customer problems. Consider the number of existing in-house engineers and technicians you have, and rate them honestly on the depth of their skills and experience.

Small in-house technical staff (1)----------------------------|-----------------------------Large in-house technical staff (5)
PLANNING TOOL – Resell or Host Decision Guidelines (continued)

When making the decision to host vs. resell you must consider all of the above criteria, where on the scale of each your company falls and how the criteria interact. You may have dominant strength in one area that compensates for weaknesses in another. For example you might have a Reseller legacy business model, limited in both technical infrastructure and in-house technical staff and you have committed a large budget and want to evolve into a technical services company. In this case, you may choose to host. Or you may have a technical legacy business model, a robust technical infrastructure in place, a limited, overworked technical staff and small budget which may make you lean to resell. In general, if the weighted average of the scores on this worksheet is greater than 3, setting up your own NOC is a solid business choice, as long as you take specific actions to reduce the risks associated with areas of weakness as you grow the business.

And again, both hosting and reselling are viable business models and can lead to success in the Managed Services Business. You should revisit this analysis as your MSP business grows to determine when Hosting may be the right financial and operational choice for your business.