

A Buyers Guide to IT Managed Services

wanstor

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Introduction

When buying IT managed services, business leaders must identify IT requirements which will enable the business, align IT with business objectives, evaluate each potential provider's capabilities and assess the ROI from their investment in an IT services partner.

Considering the complex and ever-changing landscape of IT managed services, Wanstor have designed this buyer's guide to provide decision makers with a starting point.

From different types of provider, to pricing and contracts terms, there are several essential areas which business leaders should consider when deciding whether to engage a managed services provider (MSP) for some or all of their IT needs.

Even for experienced individuals, evaluating IT managed services can present a complicated and challenging task. This document should help in navigating the decision-making process when considering any agreement with a managed service provider. Although it may not answer every question you have about IT managed services, it should provide a framework for asking some of the *right* questions in ensuring that you are making the best IT outsourcing decision for your business.



What are IT Managed Services?

The term 'managed services' seems to be used in describing everything IT at the moment. This can lead to confusion as to what true IT managed services actually are. As a technology buyer, this may make it difficult for you to understand what a managed services provider (MSP) actually does, have an informed conversation with a potential provider or decide what's best for your business's IT needs.

So, let's clarify the definition: what are IT Managed services? At Wanstor, we believe the central principle of an IT managed services model is a provider-customer relationship based on a transparent contract, with relevant service level agreements (SLAs).

In reality, the IT managed services model is a form of outsourcing that involves contracting with a third party MSP. The MSP will handle (on your behalf) one or more of your company's IT services, such as the help desk, data centre, networking, security, end user computing and device management to name but a few.

The MSP is then tasked with monitoring, updating and managing your IT services as part of a contractual agreement over a fixed period. This Service Level Agreement or SLA usually covers performance expectations and metrics such as 24 / 7 support, resolution times for common issues, as well as steps for remediation and remuneration should something go wrong or a service not be delivered to a satisfactory standard.

Additionally, a good proactive MSP will offer reporting on not only the technical actions that have been taken to maintain your IT infrastructure, but also on knowledge that they have acquired from data, traffic patterns and activities that will allow you to make tactical and strategic decisions that can improve business performance.

IT Support Contracts vary in length depending on the technology under management, typically covering three years with one year extensions available after 36 months

Furthermore, an MSP should take the time to meet with not only the IT team but also business decision makers on a regular basis (at least once per quarter), to discuss strategic issues which may fall outside of technology and to ensure that IT is properly aligned with business objectives.

Who provides IT Managed Services?

For over 30+ years, businesses of all sizes have been turning to MSPs to manage their IT infrastructure and end user computing requirements. A typical MSP should have real focus on delivering IT services, which would include:

- Remote desktop monitoring
- Password resets
- Application management
- Network monitoring
- Mobile Device Management
- Asset Management
- Configurations
- Security patching
- Hardware maintenance and other IT functions which require dedicated management by an expert team



figure 1 : What is a true IT Managed Service?

Most MSPs can deliver these services. What is usually the differentiator with an MSP, is how well they know your business, a deep understanding of IT and how it can help your business achieve its goals. A good prospective MSP will take the time to interview various business and IT decision makers from the across the business and develop a service design which reflects the goals and ambitions your IT and business teams have. Indeed, more often at Wanstor we see the verticalisation of MSPs with deep insights and advice which will help set your business apart from the competition.

So how are IT Managed Services delivered?

Generally, MSPs use their own data centres for remote monitoring, contract with a hosting provider, or in some cases take advantage of compute capacity available via the major cloud infrastructure providers such as Amazon and Microsoft. They are managing not only their customer's on-premise infrastructure but also workloads and applications that exist in the cloud.

In summary, there are primarily three ways in which IT managed services can be delivered:

01. Monitoring on-premises networks and applications remotely. MSPs often install a system of electronic 'agents' that collect data, monitor for problems and report performance back to a data centre. Many providers use specialized professional services automation (PSA) plus remote monitoring and management (RMM) platforms to manage both your services and their internal operations.
02. By providing cloud-based infrastructure and application services from their own data centre or by reselling the services of a cloud services provider.
03. Via a mix of both on-premises monitoring and cloud delivery.

So how do you buy IT Managed Services?

As with other services your business consumes, you pay for managed services on a subscription basis, creating an operational expense rather than a capital expense.

However, it should be noted that it is only the in-life service that is charged as OPEX. In reality there is usually some CAPEX charges associated with the lifetime of a managed services contract for such items as on-premises infrastructure upgrades and on-site visits.

From experience, Wanstor have also found that managed service subscription terms will vary from month to month dependent on the amount of support and engineering time is required in rectifying outstanding issues. However, once a stable IT infrastructure is in place, the monthly bill should be fairly stable - without any nasty surprises.

The subscription price your business pays for its managed services will usually be determined by:

- The number or types of services managed
- The number of users or devices
- The type of features delivered

By answering these three questions, your MSP should be able to give you a rough estimate in terms of the price you can expect to pay on a monthly basis over an agreed period of time.

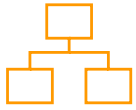
Usually, the longer the contract with your MSP, the lower the price per month. However, any business should be advised that as the market continues to mature, so should they look to balance length of contract against flexibility of contract - ensuring that they receive the best possible service for their business at the best possible price.

Generally, most businesses sign a three year contract with their MSP to see how it performs, and also afford themselves an opportunity to benchmark against the market on a regular basis.

IT Functions: which can be delivered through Managed Services?

The types of IT managed services available on the market today are varied. Depending on your business's IT needs, you can choose to outsource a single IT service to a third-party MSP or opt to contract for an integrated suite of services.

At Wanstor, we offer a range of IT services which can be taken as individual offerings or as part of a more comprehensive end to end IT service, as shown in Figure 2 on the next page.



MANAGED NETWORKS & INFRASTRUCTURE

Include managed IP Virtual Private Networks widely used for secure, high performance, cost-effective networking. Eliminates the cost of maintaining a data centre via an SLA, as do managed WAN and LAN services



MANAGED SECURITY SERVICES

Provides a broad range of solutions such as Patch Management, Antivirus software, and other remote security updates



MANAGED COMMUNICATIONS

Merges data, voice and video on the same IP Network, and can include a managed contact centre combining traditional call centre features and intelligent IP call routing, integrating email, phone, web, IM and fax



MANAGED WIRELESS & MOBILE COMPUTING

Enables wireless capabilities without incurring capex and the time and financial expenditure associated with implementation



MANAGED PRINT SERVICES

Often grouped outside larger framework of managed services, this enables remote monitoring, updates, and maintenance of organisational document management infrastructure



MANAGED SUPPORT SERVICES

Handles traditional Help Desk functions such as Ticketing for IT Support issues amongst employees along with mechanisms for resolution



BUSINESS INTELLIGENCE & DATA ANALYTICS

Covers capture and analysis of client data revealing useful trends or patterns that may influence marketing, sales staffing, supply chain & inventory planning



MANAGED CLOUD INFRASTRUCTURE

MSP or cloud provider's engineers manage clients computing, storage, network and OS. Can include both application stacks & tools run over this infrastructure. Allows greater control over which services to outsource



MANAGED SOFTWARE AS A SERVICE

SaaS or Software as a Service is inherently managed: providers host, deliver, update and improve applications for clients. MSPs may resell the service and assist with integration of on-premises and cloud apps

figure 2 : Types of Managed Services

Key considerations to make before entering into a Managed Service agreement

Any business investment decision requires weighing up a range of factors, from company stakeholder needs to alignment with business objectives, functional requirements, pros and cons of each service provider and total cost of ownership (TCO) for each solution.

As a starting point for evaluating your potential investment in managed services, we will explore some of the considerations, benefits and challenges that should help inform your decision-making process around what to outsource to an MSP versus what you should keep in-house.

Benefits of IT Managed Services

There are many reasons why businesses may decide to outsource some or all IT functions to an outside MSP. Wanstor's extensive experience of providing IT managed services to a range of customers has found the main drivers range from a desire to reduce IT costs with secure, predictable pricing for routine expenses to the belief that an outside provider may offer access to skills, people and processes thus enabling the business and ensuring that IT is functioning as it should be at all times.

What are the primary challenges?

Quite often, the main reason why businesses do not outsource IT is because internal IT staff at a business advise the senior management it would be unwise to do so. This generally creates a culture of fear and untouchability around the IT team.

Usually this means the internal IT team deciding on what does or does not happen regarding IT, and can actually make IT a business inhibitor rather than an enabler, due to a closed view of what can or cannot be achieved with IT services.

This combined with many business leaders unsure of what the IT function actually does for their business, means quite often the perceived 'safe option' is to keep this function in-house.

Business leaders may believe that internal IT staff will face concern over employment should IT services be outsourced to an MSP, but in many cases the reverse will prove to be true.

What's more likely to happen with the addition of an MSP contract is that internal IT staff are freed from routine tasks of running the network, applications, devices and user help desk to focus on strategic projects that drive revenue and help the business achieve its objectives.

Additionally, the services model enables internal IT staff to work with the MSP to gain access to newer technologies, such as cloud and mobility solutions, in a faster, more economical way than implementing offerings on-premises. And, while senior business leaders should work to alleviate concerns held by IT staff, there are other challenges that must also be considered before engaging a Managed Services provider.

A good MSP partner will take the time to help you understand each challenge and be prepared to discuss these at length, with a relevant plan of action around each challenge to help allay any fears you may have. In Figure 3 on the following page, we see common challenges Wanstor has encountered when contracting with new customers.

Wanstor's Top 10 Factors Driving Managed Services Adoption

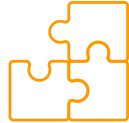


1. Improve IT infrastructure security
2. Proactive monitoring and reporting of IT problems help to tackle the root cause, rather than allowing them to become a series of minor issues affecting users and IT infrastructure
3. Better uptime of IT infrastructure and user devices with early identification of issues via monitoring and management tools
4. Gaining access to newer technologies and work practices
5. Cost saving over in-house IT by paying only for what you need
6. Peace of mind with an MSP expert in managing risk across IT infrastructure via established disaster recovery planning
7. Free internal staff up for strategic work
8. Adopting Cloud and Cloud solutions for the business
9. Lack of IT knowledge amongst senior business leaders
10. Cost effectiveness of Remote IT over on-site engineers in resolving problems with over 60% of issues solvable for most customers, reducing IT staffing costs



BROADBAND DEPENDENCY

Remote management of even on-premise equipment is dependent on internet uptime, reliability & connectivity which, along with available bandwidth & redundancy, will require special attention



CHALLENGES TO INTEGRATION

Few IT systems operate in isolation - cloud based services will inevitably require interaction with other cloud, in-premises systems or applications, the integration of which can prove challenging



UNEXPECTED COSTS

Utility-style billing for managed services may obscure upfront costs - a possible network assessment charge and infrastructure purchases are prospective transactions to consider as Capex investments



CONTRACT LOCK-IN

If your provider relationship fails without strict terms of disengagement such as a break clause, the contract may have to run its term before ties with your MSP can be severed



EXPERTISE GAP

Technical acumen around specific products or services mean MSPs cannot be all things to all people. Be sure to map your environment to the provider's areas of skill



FLEXIBILITY OR CONTROL

Do you favour stringent controls & flexibility or a common set of practices provided by an MSP? Addressing this question will help determine your organisation's readiness for managed services



REGULATORY REQUIREMENTS

Are you beholden to compliance or regulatory requirements? With laws surrounding privacy, data breach notification & such continually evolving, any MSP must help to achieve & maintain compliance



LEVELS OF PERFORMANCE

Performance depends entirely on the provider - your requirements, and any threshold on requirements, should be clearly defined and agreed by a prospective Service Provider within the Service Level Agreement



CONSIDERING SECURITY

While some view managed services as insurance against security woes, others balk at handing data to third parties. Look for credentials, certification and customer references demonstrating security expertise



SERVICE LEVEL AGREEMENTS

An SLA is the core of your managed services contract. Ensure that it covers 24 / 7 support, data security & privacy guarantees, performance targets & a service cessation mechanism

figure 3 : Common Challenges faced when procuring Managed Services

Developing a business case for IT Managed Services

As already discussed in this paper, many potential benefits exist for businesses who adopt an IT managed service framework. As businesses are different, it is extremely difficult to predict what each will need without gaining a deep understanding of individual organisations first.

However, based on our 15+ years' experience in providing IT managed services, Wanstor's managed services experts have developed three typical examples where managed services can prove to be a good fit for business.

Example 1 : Reducing IT complexity

In many cases, the decision to use managed IT services can be as simple as a lack of in-house staff in the IT department.

If your business is a company with less than 500 employees, you will probably employ a minimum number of IT staff thereafter relying on 'technically savvy' employees to take on ad hoc IT roles as and when required. As your business grows or adds complexity to its technology estate, this approach is highly unlikely to work over the long term.

Firstly, the staff you rely on will only have access to specific skills which may not keep pace with progress or remain relevant to your business depending on the pace of growth, and secondly, untrained staff are highly likely to make mistakes, leading to issues further down the line. Thirdly, employing contractors to solve errors, issues or problems is often extremely costly.

At this point, your decision may feel restricted to hiring a large set of IT staff, meaning capital tied up in salaries and the risk of individuals not being able to cope effectively as the IT estate grows or looking outside to an MSP to take on the management of your IT infrastructure on a contract, as you would with any other utility such as electricity or heat.

Depending on the extent of your IT needs, a complement of permanent IT personnel makes good sense if they are utilized in line with the wages that they draw. But if your IT needs are constantly in flux or are mostly low-grade with few major initiatives, an MSP that offers pricing commensurate with technology usage or consumption might be the more cost-effective way to go.

Example 2 : Day to day management of IT

Another major driver for adopting managed services is offloading routine IT tasks such as patches, user help desk, adds, moves and changes to a managed services provider. These activities do not require a high level of skill but are a constant for IT teams no matter the business. As a result you may find your growth projects stagnating, as IT is constantly preoccupied with keeping devices, the network and your security updated.

This clash is at the heart of 'two speed' IT, the practice (as you have probably guessed) of managing two separate, coherent modes of IT delivery - one focused on stability, the other on agility. Mode 1 is traditional and sequential, emphasizing safety and accuracy. Mode 2 is exploratory and nonlinear, emphasizing agility and speed.

Rather than bring in more skilled (and highly paid) IT personnel to address Mode 1, you may pass these daily tasks to an MSP. This leaves in-house IT staff to tackle Mode 2, focusing on business-enabling, revenue-driving digital transformation projects.

Example 3 : Enabling the cloud & new applications

With the move to cloud under way, a push to cloud services is now a valid reason for many businesses to consider managed services. If your business is over 100 employees then private cloud infrastructure should be a consideration - but this is being outsourced more frequently, as virtual private clouds.

We believe 'cloud value' is added when taking advantage of both public cloud economies and the security of private cloud. You may find your business using multiple clouds with no management functionality - some MSPs specialise in orchestrating and managing multi-cloud environments. Important to understand is that managed cloud infrastructure does not stop with servers and storage - it includes OS, databases and any other platform required in support of your computing environment.

Cloud applications also are an option providing flexible, scalable, future-proof IT environments where a distributed workforce can access information, communicate and collaborate from anywhere on any device. We recommend that customers test cloud purchases with a small user group first, before moving ahead with full licensing. Quite often businesses buy multiple cloud licences and never use them, losing licensing fees better invested elsewhere in the IT estate.

Furthermore, cloud software is currently in an evolutionary cycle; applications are updated constantly via patching and additional features, meaning that access to appropriate software versioning is paramount.

By outsourcing cloud functions to an MSP, you can set budgetary limits while providing user access to an experienced IT Help Desk as part of a managed subscription service.

Questions to ask during the Procurement process

The three examples above should give business leaders an insight into why they should be considering IT managed services. Before moving to a managed services model, we suggest asking the following questions of both prospective MSPs and internal staff to ensure that this is the right fit for your business.

Questions to ask : Developing the service

- + What metrics are used to assess speed, reliability and overall performance?
- + What is your average network uptime performance?
- + Do you have a list of tiered features and capabilities?
- + Do you offer on-site hours built into the regular contractual fee?
- + Is there enough flexibility to add or remove service offerings based on my business needs?
- + Are you able to diagnose and remedy service issues by remote without client IT's intervention?
- + Do you offer customised solutions for different businesses in terms of growth plans and achievable goals?
- + Do professional services automation (PSA) or remote monitoring management (RMM) software run your managed services operation?

Questions to ask : Data Management

- + What methods do you use to protect data?
- + Who owns my data if it is hosted at your facility?
- + What happens to my data if you go out of business, are sold to or merge with another firm?
- + What measures and processes are in place to protect my data against security breaches or data leaks?
- + Who will have access to my data? Will any of my competitors be able to see it?
- + How are data backups and disaster recovery handled?
- + What redundancy is built into the solution?
- + Do you host multiple customers on the same systems in a multitenant environment or is there exclusivity in-area?
- + Do you run your service operations through 3rd party hosting providers or data centres? If so, can you provide validate these?
- + Ultimately, who is responsible for my data? You as the MSP, a third party, or me as the business owner?

Questions to ask : Support

- + How is support provided? Do you include channels such as telephone, email, portal access and live chat?
- + What are the hours of emergency support? Is it available twenty four hours a day, seven days a week?
- + What are the satisfaction levels with your customer help desk?
- + Can you supply me a reference call from an existing customer so that I may discuss your service levels with them?
- + How are complex issues escalated? What are the first, second and third line parameters for escalation?
- + What percentage of issues are confirmed as resolved at first contact by your helpdesk?
- + Do you offer on-site hours as part of the contractual fee?
- + Do you offer traditional break or fix support for hardware, software and other infrastructure?
- + What type of training is provided to ensure my existing IT staff receive insight and knowledge from you as the Service Provider?
- + How do I ensure the return on my investment covering both Support and organisational IT knowledge as well?

Questions to ask : Capability & Credibility

- + How does your IT service desk team stay up to date with emerging technology developments and trends?
- + What percentage of your business is dedicated to managed services versus other business models?
- + Would you classify yourselves as experts in IT Managed Services?
- + How many years have you been providing managed services offerings?
- + Are IT managed services strategic to what you do or are they an offering in addition to your product business?
- + Can I meet the team members providing my support? Are they dedicated staff, or ad-hoc? How do you train ad-hoc support?
- + What industry credentials or certifications, does your company, service desk agents and engineers have?
- + What is your level of expertise with the regulatory compliance requirements for my industry?
- + If I am required to provide an audit trail in demonstrating compliance, how will this be handled by yourselves?
- + Can you provide references and direct access to customers that have done and are still doing business with you?

Questions to ask : Commercial

- + Does your fee structure cover extra cost management by informing me before additional charges are made?
- + Do you include an assessment of IT infrastructure before providing projected Service fees? If so, is this a separate cost?
- + Is your service level agreement consistent for all customers or is this negotiable?
- + Does contract flexibility include monthly and annual payments with capping on annual rate hikes?
- + Can a break clause be operated should I decide to terminate my contract?
- + How is my data retrieved should my contract be terminated?
- + Do you have case studies or ROI assessments detailing the cost and benefits of your proposed solution, based on the data which I have provided?
- + Can you provide a comparison detailing the cost of on-premises versus cloud solutions over time?
- + Will I need to purchase additional infrastructure in enabling your managed services for my business?

Final Thoughts

A strong IT managed services strategy allows new or existing IT managed services to grow, keeping pace with your users and your business needs.

Wherever you begin your IT managed services journey, your providers range of services must cover your needs for an efficient IT operation in an open, transparent manner, working with you in defining a strategy to place your business on the IT maturity curve and define the fit of any IT managed services with your existing and future requirements. We believe a business is stronger with providers they trust, embracing breakthrough productivity and accelerating the creation of value.

Why Wanstor?

Wanstor offers industry-leading expertise and capabilities to organisations of all sizes in managing diverse and often complex IT environments. Our experience can help you to identify and understand your IT service requirements now and into the future, helping you deliver efficiencies across IT infrastructure with a broad range of capabilities.

Additionally, we offer customers flexibility in selecting the support required for each layer of infrastructure - from basic monitoring and management, to long-term partnership covering innovation paths designed to replace ageing or inflexible infrastructure with new technology.

For more information on how Wanstor can provide your business with the right IT managed service model, contact us on **0333 123 0360**, email info@wanstor.com, or visit us online at www.wanstor.com.

Find Out More

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