

White Paper

# Managed IT Services as a Business Solution



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## 2 INTRODUCTION

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Information Technology (IT) is an integral part of daily business operations. IT systems in most organizations range from hardware components, such as servers, PCs, printers or scanners, to software systems such as a database, email or web application. These IT systems are increasing in complexity with technologies like virtualization and cloud computing becoming popular business tools. These advancements in technology make managing these services a complicated endeavor. Organizations need to maximize performance and efficiency of their IT solutions and minimize the risk of system outages to get the most out of their IT assets.

In the past, management had two decisions: Outsource IT completely to a third-party IT service company or hire and maintain an IT department within the organization. This “all or nothing” approach left management with either no control of their IT operations, or an expensive IT budget to fund.

Managed Services takes the best of both options and presents them as an IT management solution. Managed Services empowers an organization’s decision makers by giving them control over which services will be managed by the IT company, and which ones will be kept in-house. Managed Services agreements are written to ensure the IT service provider can meet expanding business needs. As IT needs change, the IT services will be tailored and optimized to meet those changes. A Managed services solution promotes continuity of business operations with constant network monitoring, fault detection, active virus prevention, and system administration.

This white paper will discuss the benefits of Managed Services, how Managed Services work, and the reasons that many small to medium sized businesses are adopting this solution.

### 3 THE NEED FOR EXPERT IT MANAGEMENT

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With the widespread use of internet marketing and sales, nearly all business is global business. Companies are able to offer products and services worldwide using the internet and web applications. This creates a situation where access to real-time sales data, order processing, inventory data, and other information is a necessity for management. Customer-facing applications also need to be available 24/7 to compete in the global marketplace.

To meet these requirements, a reliable, secure, and fast IT network is critical. Maintaining the network requires constant upgrades to infrastructure, IT staff training, and investment of capital into IT operations. Many small to medium sized businesses find it expensive to meet the technological requirements needed to keep their systems current. The IT resources that are staffed by the organization generally get split between network management and core business functions. Businesses often find themselves behind on technology and the staff needed to keep the critical services at the desired level of performance and availability.

Small and medium-sized businesses (SMBs) are subscribing to Managed Services as a way to cope with these situations. Managed Services gives companies access to advanced cutting-edge IT networks and the expert engineers required to maintain them. This can often be accomplished without the need for costly technology refreshes or the high initial investment of capital into IT operations.

## 4 MANAGED SERVICES EXPLAINED

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An organization subscribed to Managed Services enters into a relationship with a service provider who agrees to manage network equipment and software applications at the customer's location or hosted by the service provider. The customer and the managed services service provider (MSP) conduct business according to a service-level agreement (SLA). The SLA is established to meet needs that are unique to the customer.

Managed Services provide robust enterprise capabilities to small and medium-sized businesses (SMBs) for a monthly fee set in the SLA. This service means high network availability, constant network monitoring, expert support, and IT services are made available at a level that SMBs could not normally achieve on their own. Organizations can choose which services they want managed by the MSP and which they choose to keep in house.

A Managed Services solution is a comprehensive solution that focuses on the overall health of a business's IT resources. Simply put, it means that an outside entity has been hired to manage some of the business's IT services. An organization will typically have hardware warranties or software support that are offered by the vendor under very specific terms. If the equipment breaks, or the software has a bug, the organization can reach out to the vendor and get a fix. The Managed Services Provider (MSP) provides a comprehensive solution that is not limited to a warranty on a single piece of hardware, or support for one specific software application. Unlike these traditional warranties, the MSP provides overall management, monitoring, and support of the entire enterprise network and any interconnected hardware and software components that the customer desires. This includes acting as the liaison with 3<sup>rd</sup> party support vendors for specific hardware and applications as needed.

The MSP's engineers can then look for ways to optimize overall performance of the entire system from laptops to servers to web applications. They may recommend moving a software application to the cloud (private or public) to eliminate an out-of-date server that is slowing down business operations. They may discover a cost savings and improved data protection by hosting data back-ups offsite and eliminating the need for tape backups. These examples illustrate how the MSP looks at the system as a business tool, the same way management would. The MSP is looking for cost savings and optimization

in every functional area of the IT system. The focus is on the lifecycle of the IT infrastructure as a whole, with an awareness of where the system is now, and where it needs to be in the future.

## **MANAGED SERVICES: KEY BENEFITS**

Managing the IT services of an organization takes a wide array of skills and tools. Perhaps one of the most appealing reasons for using a MSP is the access to network management resources, cloud storage, and highly trained IT experts without having to make the large up-front investment. The benefits are not just financial though. Here are some of the Key Benefits of a Managed Services Solution

### **4.1 REDUCED COSTS**

The up-front cost to a SMB for developing the staff, purchasing the hardware infrastructure, and maintaining the enterprise network would be quite extensive. The business decision to subscribe to Managed Services results in cost savings in the following ways:

- Network Security
- Hardware Procurement
- Traditional Service Fees (repair costs, component replacement, tech refresh, etc.)
- IT Department Costs (IT operations, developing new staff, etc.)
- Electricity Usage
- Interruption of Business Operations

### **4.2 STABLE IT BUDGET**

The Service Level Agreement between the customer and the MSP allows the IT budget to be set at a monthly rate. This helps to keep unexpected IT costs from cutting into resources that could be better spent growing the business.

### **4.3 SCALABILITY**

MSPs work with your organization to increase or decrease service levels according to changing business needs. This allows the business to grow without worrying if your IT infrastructure can support additional

employees or customers. The MSP can work with your organization to ensure new business applications or processes can be adopted without the need to increase in-house IT staff.

#### 4.4 TECHNICAL EXPERTS

MSPs have highly trained Engineers on their staff to support IT needs. MSPs will have personnel trained in many technical areas. Here is a list of a few:

- Network Security
- Enterprise Architecture (Switching/Routing)
- Server Management
- Storage
- Disaster Recovery
- Virtualization

#### 4.5 CURRENT TECHNOLOGY

MSPs have up-to-date network management software, hardware resources, virtualization capabilities, cloud storage, and other technologies that are made available to the customer. This allows businesses to enjoy access to the latest technology without maintaining the systems themselves.

#### 4.6 PEACE OF MIND

The SLA defines the service availability and/or the support response the MSP is responsible for providing. MSPs will typically have redundancy for critical systems to maintain high availability of services and assure continuity of business operations according to the SLA. Data can be backed up and stored off-site in multiple physical locations allowing services to be rebuilt onto a virtual server if there is an outage. This helps to ensure that disaster recovery takes minutes instead of hours and customers are still able to conduct business.

## 5 IS MANAGED SERVICES RIGHT FOR MY BUSINESS?

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A Managed Services solution has proven to be a great fit for many small to medium-sized businesses but that doesn't mean it will benefit every organization. As with any business decision, it is prudent to analyze the current state of your organization and make an informed decision. Here is a list of business needs that can help with the decision. A Managed Services solution could benefit any business faced with these situations.

The business requirements mean we have to:

- Operate in real-time to meet customer needs 24/7
- Reduce IT operations overhead costs
- Centralize services and making them available for branches and remote workers
- Secure data, transactions, communications, and devices
- Increase or train IT staff
- Manage and maintain current IT infrastructure

The business is in transition and:

- We need to upgrade the existing infrastructure
- The scope or volume of business operations is shifting
- A merger or acquisition is altering business operations
- An increased level of IT service is required
- New technologies are needed for growth
- We are expanding into new markets

The business needs to increase profitability and:

- We need a global network service but have no internal resources
- We need to stabilize the IT budget
- We view managed services as a good strategy for reducing costs and maximizing resources
- We prefer to have our resources focus on critical business functions rather than network management



## 6 CHOOSING A MANAGED SERVICES PROVIDER

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Once the business decision to use Managed Services has been made, the organization must then choose a service provider that meets their needs. The managed services provider will need to understand the business requirements to make sure that they can provide the right solution. The business can endeavor to independently ascertain their technology requirements or work with a provider that offers the service. Either way, a requirements assessment must be done.

### 6.1 DEFINING REQUIREMENTS

Requirements assessments are most accurate when all stakeholders are involved in the processes. Management, end users, IT staff, and end users. It is first necessary to establish financial and business objectives. These objectives will drive the technological requirements needed to meet them. Some business objectives are listed here:

- Risk Management
- Security Requirements
- Budgetary Resources
- Projected Growth
- Mergers or Acquisitions
- Strategic Business Goals
- Competition

These business objectives will lead to the technological requirements needed to fit the company's unique needs. Internal IT staff may be able to develop the technology requirements derived from the business objectives, but if not, the service provider should be able to work with leadership to develop them. Some examples of IT requirements are:

- Number of Users
- Acceptable Load Times
- Required Bandwidth
- Number of Sites
- Support Requirements
- Number and Type of Applications

## 6.2 SERVICE PROVIDER QUALIFICATIONS

This list of requirements will vary to meet the unique and specific needs of each individual organization. It is critical to ensure that the service provider can meet the requirements and provide the technology, support, expertise, and infrastructure needed at a cost that is within budget. It is crucial to understand what a service provider's subject matter expertise is and if it fits the requirements. Some considerations that should be made when selecting a service provider are:

- What relevant technical certifications and vendor authorizations and partnerships does the service provider hold?
- Does the service provider have the ability to track network and systems performance and present metrics to show performance levels?
- Does the service provider offer real-time network monitoring with fault detection?
- What levels of availability does the provider offer and what steps do they take to ensure continuous operations (redundancy, failover, etc.)?
- How quickly can the provider react to a change in business requirements?
- What are the options for disaster recovery plans to include backups, hot/warm/cold sites, etc.?
- What are the procedures for reporting troubles and how quickly can a response be expected?

## 7 CREATING THE SERVICE LEVEL AGREEMENT

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The business requirements and service provider considerations will provide a great starting point for the Service Level Agreement (SLA). The SLA is designed to ensure that the service provider and the customer know what is expected of one another. The SLA should list the specific needs of all critical business functions and all applications. The more detail that is included in the SLA the easier it is to establish if the expected service levels are being met. A non-specific or vague SLA is nearly impossible to enforce. The SLA should also be written so it can be flexible. As business requirements change, so must the SLA.

The SLA will be written to reflect the type of Managed Services that is required. An SLA written for a hosted application should address availability, access to support, and possibly response time of the application. The SLA would also include what metrics are used to measure these items and how often these metrics will be taken and presented to the customer. An SLA for cloud storage and data backup would include the time it takes to complete a backup, data integrity, and mean time to restoration after a failure. Again, metrics would be developed to support these items and presented to the customer at agreed intervals. An SLA can only be enforced if the performance metrics are available and can be compared to an established baseline level of performance.

Try to be sure that the SLA allows for scalability when needed. If the IT budget changes or business needs increase, it is imperative that the provider is able to reduce the scale of support or increase bandwidth if either are required.

## 8 CONCLUSION

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Small and medium-sized businesses (SMBs) are subscribing to Managed Services as a way to deal with complicated IT network management requirements. Managed Services gives companies access to advanced cutting-edge IT networks and the expert engineers required to maintain them. This can often be done without the need for costly technology refreshes or the high initial investment of capital into IT operations. This white paper detailed the advantages associated with Managed Services and explained how to make a decision in regards to Managed Services, establish requirements, ensure the service provider meets your needs, and what can be expected in a service level agreement.

Once established, the Managed Services solution allows the client to focus on strategic business goals knowing that the MSP has their IT needs taken care of. Cost savings, a stable IT budget, availability of current technology, access to expert IT engineers, and peace of mind that comes with knowing future needs can be easily addressed are the main reasons organizations are choosing the Managed Services option. In a world where all business is global and the availability of IT services can be the difference between generating or losing business, Managed Services is the perfect fit to address the needs of many small to medium-sized businesses.