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Guide

The Definitive Guide to IT Managed Services

In this guide to IT Managed Services, we'll describe the concept of what it is, why it exists, how the various process outcomes work, and how to use these services to improve the core and context activities within your business.

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The Definitive Guide to IT Managed Services

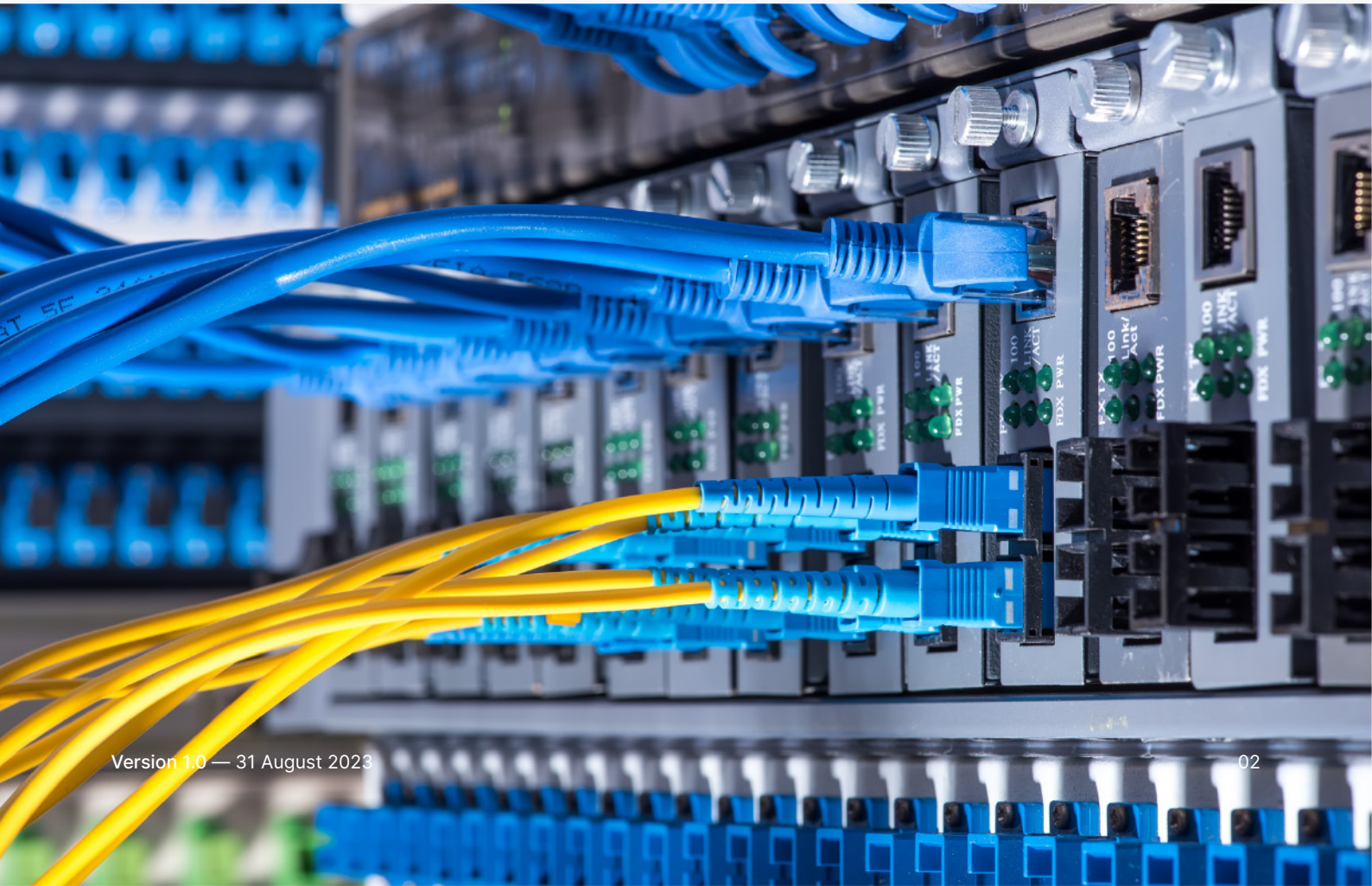
Managed services relate to outsourcing the responsibility for supporting and anticipating the need for a range of processes and functions to improve operations and reduce internal costs. A typical Managed Service leverages economy of scale with a Managed Service Provider (MSP) who has the skill, expertise and cost base to provide an essential business service cheaper than a customer organisation can perform where it is not a core activity of their business.

Common challenges

According to Gartner, a MSP delivers services, such as network, application, infrastructure and security, via ongoing and regular support and active administration on customers premises, in their MSPs data centre (hosting), or in a third-party data centre.

MSPs may deliver their native services in conjunction with other providers' services. Pure-play MSPs focus on one vendor or technology, usually their own core offerings. Many MSPs include services from other types of providers. The term MSP was traditionally applied to infrastructure or device-centric types of services but has expanded to include continuous, regular management, maintenance and support.

RedHat defines Managed IT Services as the tasks handled by a third party, frequently in the context of business information technology services. The managed services model is a way to offload general tasks to an expert to reduce costs, improve service quality, or free internal teams to do work specific to their business.



What are the common IT service models?

The managed service market is diverse. There is flexibility in how a customer approaches the management of technologies internally or uses a specialist organisation to provide domain-specific services.

Managed IT Support (Basic service)

Beyond specialised, domain-specific services, it is also possible to implement support via staff-based services. IT support is an especially critical area, as problems of varying severity occur daily. However, it may only be possible to address some of them with your current staff model, or existing solutions need long-term stability and/ or consistency.

This is where Managed IT Support Services are relevant. A basic version of this service, also known as break/fix, is an entry level Managed IT Service. Break/fix services are generally fee-based and reactive. The customer is responsible for contacting the IT services company when repairs and upgrades are needed. While break/fix usually works on a time-and-materials basis in which the contractor charges an hourly rate plus the cost of parts, there are some exceptions. For example, a break/fix company might offer discrete services at a flat rate instead of an hourly rate.

The break/fix model could be beneficial for certain types of organisations where the core activity of the business is not relying on IT completely. There is an increased perception by customers that this model needs to fulfil their requirements when the digital transformation of their businesses is increasing the demand for pro-active support, hence why these organisations are inclined to consume advanced Managed IT support services across different IT architectures.

Outsourcing

Outsourcing is where a company hires a third party to perform tasks, handle operations or provide services.

The hired company, also known as the service provider or a third party, arranges its employees and/ or systems to perform the tasks or services on-site at the hiring company's facilities or external locations.

Companies today can outsource numerous tasks or services; they often outsource information technology services, including programming, application development, and technical support. It is common to outsource customer service and call service functions. Companies can outsource other types of work, including manufacturing processes, human resources tasks and financial functions such as bookkeeping and payroll processing. Companies can outsource entire divisions, such as their IT department or just parts of a particular department.

Outsourcing business functions is sometimes known as contracting out or business process outsourcing. Outsourcing can involve using a sizeable third-party provider or logistics supply chain services. Still, it can also include hiring independent contractors, temporary office workers and freelancers.

Managed IT Service

The benefits of the Managed IT Service model when you outsource to a managed IT services provider are that it releases time and resources within your company. Outsourcing of non-core business activity allows the company to focus on growing its core business. The internal IT team has more time and is free to work on the projects that deliver results and contribute to the success of your business instead of spending their time troubleshooting or answering staff queries. MSPs also provide robust security and firewalls, so you can relax and focus on your core business competencies, knowing that your IT infrastructure is protected from malicious threats.

One main benefit of managed IT services is filling employment gaps. However, there are many more advantages beyond the scope of employment.

For one, an MSP has a wide range of experience and knowledge from career specialists and IT experts. This broad range of expertise means they can deploy solutions and strategies to elevate performance across the board.

Managed IT Service also has the benefit of cost savings when structured correctly. Because a company does not need to hire and maintain their staff, businesses can avoid additional costs when new technology deploys. Additionally, by proactively addressing IT problems, which can cause downtime or performance issues, a company can ensure that it works as efficiently as possible.

Expertise from the MSP is readily available. Using managed IT services gives customers access to a whole pool of otherwise unavailable talent. Most MSPs have numerous employees who specialise in different areas of IT; except for most significant global businesses, hiring such a varied range of skills in-house would be impossible and not cost-effective. Using an MSP, customers benefit from the experts they have working for them, leading to another critical impact on the customer's business, reducing recruitment costs.

Utilising the expertise of the MSP team means customers can defer having to hire as many people in-house, which saves time and money on recruitment, training and HR-related administration. However, it does not replace an in-house IT team. Many businesses adopt a hybrid approach to IT, combining an in-house team with a managed services provider. By taking this approach, your in-house team can work on high-impact projects, while the MSP can keep critical infrastructure optimised in the background.

Financial planning and budgeting are other reasons why IT outsourcing is cost-effective. It is because it allows customers to budget for the year ahead accurately. By paying a monthly fee, there are few unplanned costs that could disrupt the IT budget's accuracy. The known impact of this cost accurately calculated is that customers can invest in other areas of their business.

Defined within the scope of the Managed service, the MSP will update software as soon as the updates become available, which saves customers time from researching and implementing themselves. The software will always be the most pertinent version, and customers will not have to pay for repeated updates. The further hidden aspect of this, for many companies, is where there is a mix of different manufacturer's devices interoperating as part of the solution. The time cost for general staff to research the interdependencies, decide upon which versions are compatible, and potentially verifying with numerous vendors can be very time-consuming. It has a magnified impact when a software patch results from a highlighted security vulnerability.

MSPs covering Security, Networking, and Cloud architectures will have the experience and knowledge from undertaking these tasks as part of their day-to-day business. It is a strong reason for utilising experts who undertake this type of work as their core business.

Using a MSP means customers can reduce the IT infrastructure hosted on-site by using their providers data centres and servers through the Cloud instead. It can save customers office space and money on energy bills, hardware and equipment.

Managed IT services can support your organisation to accelerate the adoption of a flexible working policy. This trend originally created by the experience of Covid-19, has become the norm for employers to attract and retain talent.

Based on the benefits described, organisations like yours need to understand the various services and providers available in the market. It's also important to remember not all providers provide all services and cover you from end to end. For example, one MSP may include a broad portfolio of services covering all the components of an IT architecture. At the same time another might only offer a sub-set of these services or potentially specialise in just one.

Managed IT Services offering

You can find several standard solutions in the IT space that help enable business operations while improving compliance, security, and efficiency. Most MSP's portfolios deliver individual or a combination of services which will have these three areas in common:

Managed IT Service Providers will offer a portfolio of individual or combined services from these three common areas:

1. Technologies
2. Expertise
3. Consumption models

Technologies

With this type of service, a MSP generally takes on multiple technology components tasks. There are different architectures the service can manage:

Managed Network
Management of the connectivity across LAN, WLAN and WAN.

Managed Security
Management of access controls and segmentation engines like firewalls, DNS security, Identity Services.

Managed Data Centre and Cloud
Compute, storage, network and application management.

Managed Endpoint
Management and operation of end user devices and business critical applications.

Managed Collaboration
Calling, messaging and conferencing solutions management.

Expertise

As mentioned previously, one of the benefits of adopting a Managed IT Service model is access to skills across different technologies and methodologies. Organisations with small IT teams or lacking technology strategy can rely on the MSP teams to provide guidance and expertise across operational, architectural, and managerial functions. Services that could be available are:

Project Management as a Service
Program and Project managers can be available to provide the governance required to meet your project milestones in time and with cost control.

Staff Augmentation
Offering you the capability of consuming senior strategy leaders, design architects or consulting engineers to complement your IT business needs on demand.

Network and Security Operation Centre
Adopting the knowledge and skills of a team of network and security engineers without the equivalent headcount cost.

Service Managers
A dedicated team of qualified IT professionals ensuring you are maximising the value of your managed IT service.

Customer Experience
A team of Customer Success Managers will be available to help your organisation to maximise the value of your IT solutions and services during their lifecycle.

Consumption models

For the last two decades, companies have consumed technology for their businesses following a model that includes products and the professional services required to design and implement the solution required.

The development of cloud based solutions and the increased consumption of software in enterprise environments are shifting to an “Everything as a Service” model that provides certain benefits from an economical and operational point of view.

Services that can be offered and managed by MSPs are:

Network as a Service

Increase flexibility by having your network infrastructure adapt to your business needs with full control and predictability of cost.

Security as a Service

Meet Governance, Risk and Compliance requirements without losing competitiveness.

Collaboration as a Service

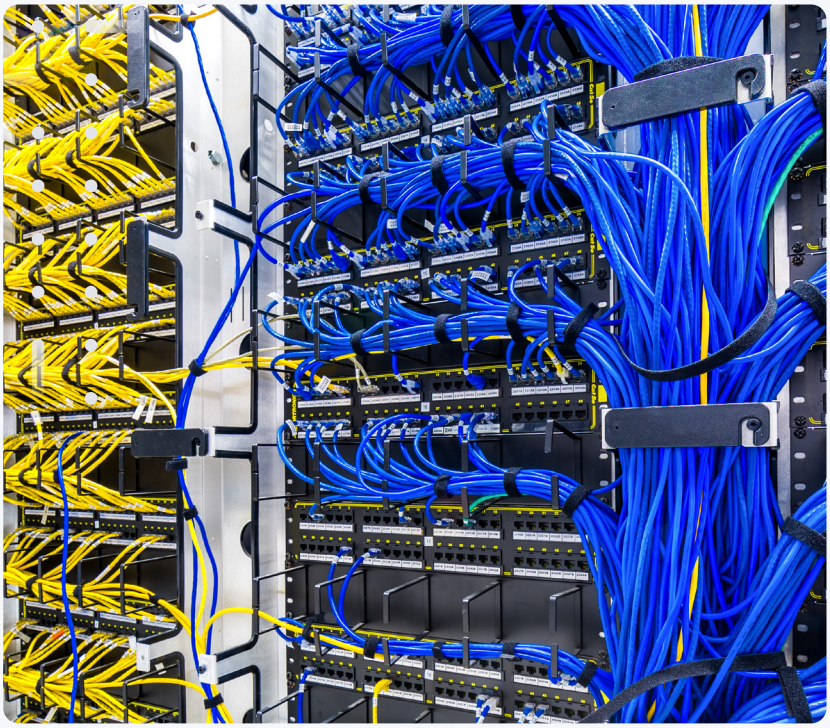
Consume the right technology to support evolving working models and business needs without compromising your budget.

Cloud as a Service

Cloud-native applications, connectivity, cost control and optimisation of processes. Leveraging a multi-cloud environment to provide the best customer experience.

Desktop as a Service

Enabling your workforce to increase productivity by removing the cost of ageing on-prem equipment.



How to select the right MSP for you?

If your organisation is interested in investing in a managed provider, it is essential to establish what you need. Understanding what makes a third-party provider a trusted source is critical. No one wants to adopt a long-term plan for crucial elements of business operations and not achieve the desired business objectives.

Here are some characteristics of top-performing:

- **Responsive**
  A quality MSP will provide critical support within a 24-hour framework. The faster, the better.

- **Service Level Agreement Pricing**
  Every business has different resources and needs. That's why a trustworthy provider will often offer flexible pricing models.

- **Security**
  An MSP handling information must have robust security measures and responses to combat data loss.

- **Backup Recovery Options**
  Downtime is always a possibility. If you experience downtime, you need to know your information is safe in times of crisis.

- **Various Service Options**
  Many reliable MSPs will cover a range of services, meaning you can meet multiple needs in one place.

- **Accessibility**
  You should have access to your information from any secure point, whether you are in the office or using a mobile device.

- **Technology Accreditations**
  A professional MSP will train their teams to maximise expertise and prove commitment by achieving top-level vendor accreditations across technology architectures.

The guidance for selecting a Managed IT Service Provider is to understand where the demarcation is, what the customer still wants to retain direct control over and where assistance is required. It needs to be clearly articulated to avoid any misunderstanding, scope creep or expectation gap between the contracting parties, the scope and objective of the Managed Service. Is this to provide substantial savings? Is it a deferral of cost to recognise the additional savings to be made through having a fixed-term contract without any surprises? Customers will not need to invest in new service management software, platforms or reporting tools. No training, development or recruitment.

Managed Services provide measurable value in terms of:

- **Control**
  Contractually defined SLAs, monthly reporting, KPIs that can be defined by the agreement.

- **Business focus**
  The customer in house team can be focused on delivering tangible business goals.

- **Security**
  Utilising an expert company to provide a holistic approach across the various security domains, it can provide highly secure identity-based services, and prevent intrusion across multiple security attack vectors.

- **Flexibility**
  To provide scale and agility.

- **Cost predictability**
  Costs that will increase or decrease in line with customer growth.

- **Risk management**
  Security, systems, changes to requirement – all these options can be included to augment the value through delivering against the business requirements.

The value of an effective MSP is also through knowledge savings. Once in a relationship and have thorough knowledge of the customer's infrastructure, they can then assist with other IT challenges. An effective MSP can help a company transform and scale its IT platform and has IT experts to assist in projects or new technology. Think of it as an extension of the in-house IT team. This partnership will contribute to decrease the risk associated to implementing a new IT solution without following the IT standards of operation adopted by your business. The right MSP will leverage their experience and expertise to identify any cost impact generated by not following the best practices upfront.

Return on Investment (ROI) is a key critical success factor. The simple view is that to have a successful relationship with an MSP, the cost of using the service must be less than the cost of delivering this service to the same standard, utilising internal resources. However, ROI is more complex to calculate as the business environment is constantly evolving. The current state savings should facilitate the change to a MSP, but the desired state delivers significant financial benefits. The strength of managed services is really in the management of variation or change, or risk. They bring predictable costs that can flexibly change to meet a customer's changing requirements, aligned with focusing the customer team on the core business goals.

Customers are reliant on their IT infrastructure for operations; the choice of MSP is critical. Pick the wrong provider, and this may have an impact on short, and long-term plans for business growth.

What characteristics should a customer be looking for in an ideal MSP? A due diligence checklist could contain, from a technical view:

- ☑ **Services offered**
  Does the MSP support the technology, function and features you need?
- ☑ **Experience**
  A glossy brochure is one thing, but proof through case studies demonstrates that the MSP can fulfil their promises. Ask to speak directly to one of their existing customers as a reference.
- ☑ **Pedigree**
  How long has the prospective MSP been in business? What is their heritage? How long have they been in the cloud/managed services game?
- ☑ **Cultural fit**
  Ensure that your service provider shares your vision.
- ☑ **SLAs**
  Does the MSP share your priorities? Can they respond to issues and provide resolutions within specified timeframes?
- ☑ **Technologies**
  If your business hopes to take advantage of the latest technologies, you need a partner who has experience and uses them in-house.
- ☑ **Cost**
  Does the contract quote fit your budget?
- ☑ **Future proofing**
  Make sure your MSP can cater for your future transformational requirements and their view of innovation through automation matches your aspirations.

Finally, consider how much it will cost to transfer operations to the Managed Service and the possible ongoing savings. It will provide the opportunity to analyse the net savings. An anticipated outcome will be that it is more productive to utilise existing staff familiar with the business to work on projects that impact business profitability. A common issue when attempting to retain the support and management internally is that the company hire external contractors to deliver projects required to achieve new business goals.

What to expect from your Managed IT Service?

All MSPs will look to satisfy a customer's basic needs of being able to resolve Incidents and complete basic Moves, Adds, Changes and Deletions (MACDs). Hardware that is found to be faulty or broken will be replaced within the scope of the service. This may be undertaken through Advanced Replacement, where a new part is sent before the faulty is returned. The other option is that a Vendor Warranty may cover the parts, and to have cost optimised, the defective part is returned before being fixed or a replacement shipped to the customer.

Understanding whose responsibility it is for physically undertaking the replacement is key to the agreement. The matter should be determined during service contract negotiations and subsequently defined by scope and demarcations. A key point here is that using the MSP's staff or subcontractor to perform on-site work will ordinarily incur more cost than simply receiving the parts and being guided by the MSPs experts.

The most common structure of a modern Managed Service will contain:

Monitoring

MSPs will deploy active and passive monitoring tools. Passive tools will receive information and indicate whether a particular service element, usually a piece of hardware, is working and receiving data or not. This is commonly referred to as up/down monitoring. Active tools are becoming more prevalent as both the hardware and now the applications that traverse the network can be monitored. Having this constant view of the network and the interconnected status' of elements allows the MSP to be proactive and notice a service degradation before the failure occurs.

Service Management Practices

The MSP will frequently use the IT Infrastructure Library (ITIL) framework as a basis for operating processes. The latest version of ITIL is v4. Over the previous versions the emphasis was to assist Managed IT Service Providers in building their own processes based on the documented practices. Previously the focus was detailed on how the specific processes should work. The deployment of earlier ITIL needed to be more flexible to interact with DevOps, Lean and Agile.

The main aim of the core principles is to focus the MSP on achieving the outcomes required by customers whilst delivering value.

The commonly understood practices described cover:

- **Service Request Management**
  This process treats repeatable and simple tasks, such as onboarding a new user.

- **Monitoring and Event Management**
  This is the process to ensure that the customer environment can be monitored from the MSPs tools. When there is a status change to an asset, this is notified to the Management tools and can also trigger a ticket in the MSPs ticketing system.

- **Incident Management**
  This is the process of restoring service once a failure has occurred.

- **Problem Management**
  This process describes the method for investigating to establish the root cause for a major incident or where a recurring failure leads to the same incident occurring multiple times.

- **Change Enablement**
  This structure guides setting up the Change Management Process, whether this is for the MACDs or more complex system and solution upgrades.

- **Service Level Management**
  This is the process of setting up a structure of categorising Incidents, Problems and Changes with a corresponding Priority and Impact. Depending on the severity of the impact on the customer's solution, these will have differing priorities for resolution.

- **Availability Management**
  This practice underpins the ability to offer SLAs. The aim to define, analyse, plan, measure and improve all aspects of the availability of IT services. The outcome is to ensure that all IT infrastructure, processes, tools, and roles are appropriate for the agreed availability targets.

- **Capacity and Performance Management**
  The purpose of the capacity and performance management practice is to ensure that services achieve agreed and expected performance, satisfying current and future demand in a cost-effective way.

- **IT Asset Management**
  This practice joins the financial, inventory, contractual and risk management responsibilities to manage these assets' overall lifecycle, including tactical and strategic decision-making. IT Asset Management is an investment that provides substantial and measurable benefits for short, medium, and long-term needs and goals. These may be Hardware or Software Assets.

There are 34 ITIL v4 practices split between General, Service and Technical management practices. The most pertinent practices specific to Managed Services have been mentioned here.

Service Reporting is a key part of IT Managed Services as the MSP needs to demonstrate their operational control of the solution that has been outsourced to them for service. It leads to trends being identified, and where there are repeated or systemic issues, continual service improvements can be highlighted between the MSP and the customer.

Furthermore, the MSP must provide activity reports to show the performance against agreed SLAs (see below). Customers should also request regular reports that help calculate the value of the service received.

Suggestions include:

Ticket Reporting
Calls logged, tickets closed and on hold.

SLA Reporting
Performance against SLAs - response and fix times.

Performance Monitoring Report
Performance of the managed infrastructure.

Application Performance
Specific details on how application performance has trended through the reporting period.

Proactive or Vendor Driven Activities
Other activities completed (software updated, security fixes applied etc).

Capacity Reporting
Capacity utilisation to provide early warning of resource issues that will require additional funding or upgrades.

MSPs will submit strategic recommendations regularly. These recommendations highlight where the solution requires updating beyond the current deployed capability. This can be called Lifecycle Solutions and can be simplistic tracking, or they can utilise a methodology.

Customer Experience Management

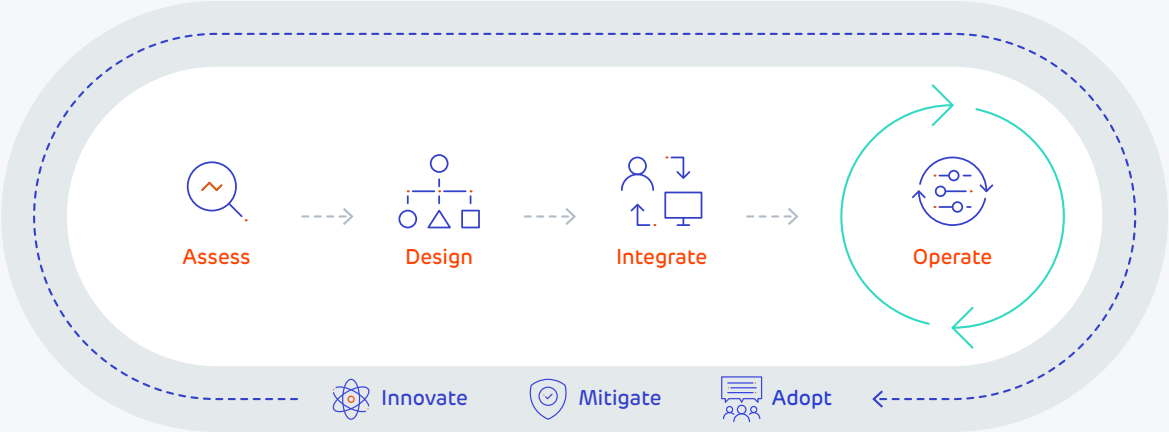
Customer Experience Management (CEM or CXM) refers to the customer's overall experience and dealings with the IT Managed Service supplier. CXM includes numerous facets where customers and suppliers interact. For example, it could focus on proof of concepts (POCs) and, following deployment, consider service features like ease of use, dependability and reliability. In addition, there must be a shared view on how parties responsible for delivery focus their efforts to mould the customer experience. More detail on the topic of CEM or CXM can be found in our related article: What is Customer Experience Management?

The best MSPs will have customer experience principles as their DNA, and will use them to manage the lifecycle of the customers IT minimising the gap between the technology, services and business needs.

Lifecycle Services

Lifecycle Services are the methodologies and practices that support the evolution of technology to business systems and ensures customers the most return from their IT investments.

The standard phases of a structured Lifecycle Service will be presented in the form of a framework with the following stages:



These services are very pertinent when you want to build a trusted relationship which can be a great benefit when non-standard requests need to be serviced. When the relationship is very transactional and constrained by a very tightly constrained Contract, this is more time consuming and may require specific scoping, quoting, pricing and delivery terms. Having a long-term relationship with an MSP as a Partner to your business helps to build the operational flexibility and agility.

Service Delivery Management

To provide a person to manage the Service relationship between the MSP and the customer, a Service Delivery Manager (SDM) is engaged. This is a service management professional who is ITIL qualified, understands the ITIL based practices and processes used by the MSP and can lead the governance meetings. Historical information is used to build the Service Reports. The SDM provides explanations for the actions that have happened and also the SLA and KPI performance.

SLAs

An MSP will generally offer a standard service level, a four-hour window to fix general support issues for instance. But these SLAs are open to negotiation according to your operating requirements and the strategic importance of the system in question.

The specifics of the SLA will vary between organisations. However, it is not uncommon to have a 15-minute response to incoming calls for support, and a 4-hour fix time, for instance. The quicker you require response and/ or resolution, the more expensive the contract becomes – especially if you want on-site support included.

Before approaching an MSP, you should seriously consider the service you are handing over to your MSP, its importance to your operations, and the maximum time you can tolerate an outage. You then prepared to negotiate the specific terms of your SLAs.

Other things to discuss when negotiating your contract include your contract period (1, 2, or 3 years), a termination clause, penalties for poor performance and service credits for failing to comply with SLAs.

The SDM will also be a point of escalation during service outages and other activities relating to the service.

The SDM will be the route for consolidating all of the operational feedback. Where there are trends within the types of incidents, they may initiate the problem management process. From the resulting investigation of the root cause, continual service improvement (CSI) actions and recommendations will be made. It is important to understand that some of these may be configuration changes or software updates. In addition, some issues may be lifecycle and supportability related which could require the engagement with the customer success manager to qualify any consulting work, redesign of the solution and a purchase decision by you the customer.

Business Outcomes

The selected Managed IT Services provider partnering with your organisation is expected to deliver value by implementing the operational model needed to achieve your business outcomes.

Commonly requested business outcomes, according to organisations, current market and technological trends are described as follows:

Sustainability and Responsibility

Achieve responsible management of technologies and services in line with your Environmental Sustainability Governance policies and control carbon footprint in line with the United Nation's 2030 Sustainable Development Goals.

Customer and User Experience

Ensure the Managed IT Service offering adopted is in line with your customer satisfaction strategy and is reflected in Net Promoter Scores, customer loyalty and other indications.

Optimisation and Efficiency

Leverage the power of standardisation, analytics and automation whilst combining people, processes, and applications to improve operational efficiency and increase your team productivity.

Security and Compliance

The MSP commits to robust security policies which align with your governance and legislation commitments. Putting the knowledge and expertise of the team at the service of your organisation to reduce risk while enabling innovation through new technologies and services.

Return on Investment

The MSP will offer flexible commercial models to facilitate cost control and predictability while maximising the value delivered through technology and services consolidation, economy of scale, consistency in delivery and team stability.

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