The Business Owners' Guide to IT Support Services and Fees

By Chris Ward, Technical Director Vermont Systems

Never Ask An IT Services Company, "What Do You Charge For Your Services?" Instead You Should Ask, "What Will I Get For My Money?"

From: Chris Ward,
Managing Director,
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Dear Colleague,

If you are business owner in the South of England that is in an unhealthy relationship with your current IT provider, or are considering outsourcing some or all of the IT support for your small or medium business, this white paper contains important information that will be extremely valuable to you as you search for a competent firm you can **trust**.

A common question we get from prospective clients calling our office is "What do you guys charge for your services?" Since this is such a common question — and a very important one to address — I decided to write this white paper for 3 reasons:

1. I wanted an easy way to answer this question and educate all prospective clients who come to us, on the most common ways IT services companies' package and price their services, and the pros and cons of each approach.

2. I wanted to bring to light a few "industry secrets" about IT service contracts and SLAs (service level agreements) that almost no business owners think about, understand or knows to ask about when evaluating IT service providers that can end up burning you with hidden fees and locking you into a long-term contract when they are unwilling or unable to deliver the quality of service you need.

3. I wanted to educate business owners on how to pick the *right* IT services company for their specific situation, budget and needs based on the *VALUE* the company can deliver, not just the price, high OR low.

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Vermont Systems has been providing outsourced IT solutions to small and medium business in the South of England for over 18 years. I am the Technical Director, and with over 20 years of providing technology solutions, myself and my team know it's all about making customers successful.

Many small businesses find it challenging to deploy, maintain, and protect their technology. Whether they need to keep IT costs predictable, avoid unexpected problems, communicate more effectively, or make a plan for business continuity, Vermont Systems has a solution, including an all English Cloud Computing service that keeps all of your data within ICO regulations.

Our clients typically have 10 to 60 workstations (some as large as 150), and rely on their computers, network, and Internet for daily operations. Most of our clients have a specialised line of business application that they use to run their business and rely heavily on that software being operational.

When your technology doesn't work, your business doesn't either. It either makes your organisation more efficient, profitable and successful or it can be a pain in the neck using up your precious resources. Our clients' rely on us for the proper installation and support of their computer networks so that they can focus on their business and not on the technology. We have a proven track record, and the business and technical experience that our clients appreciate.

We find that we are most effective with clients who:

- Expect IT Support Services that are reliable and responsive to support their company's computer networks.
- Are aware that technology is an effective method to increase productivity and help move ahead of the competition.
- Want not only a partner in technology, but also a trusted advisor so that they can improve productivity and make more profits through highly effective network IT support.
- Are determined to invest in business technology to eliminate manual tasks and enjoy clearer communication in their Computer Networks and Communications.

In the end, my purpose is to help you make the most informed decision possible so you end up working with someone who helps you solve your problems and accomplish what you want in a time frame, manner and budget that is right for you.

Dedicated to serving you,

Chris Ward

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Comparing Apples To Apples: The Predominant IT Service Models Explained

Before you can accurately compare the fees, services and deliverables of one IT services company to another, you need to understand the 3 predominant service models most of these companies fit within. Some companies offer a blend of all 3, while others are strict about offering only one service plan. The 3 predominant service models are:

- **Time and Materials**. In the industry, we call this "break-fix" services. Essentially you pay an agreed-upon hourly rate for a technician to "fix" your problem when something "breaks." Under this model, you might be able to negotiate a discount based on buying a block of hours. The scope of work may be simply to resolve a specific problem (like removing a virus), or it may encompass a large project like a computer network upgrade or move that has a specific result and end date clarified. Some companies will offer staff augmentation and placement under this model as well.
- **Managed IT Services.** This is a model where the IT services company takes the role of your "IT department" and not only installs and supports all the devices and PCs that connect to your server(s), but also offers phone and on-site support, antivirus, security, backup and a host of other services to monitor and maintain the health, speed, performance and security of your computer network.
- **Software Vendor-Supplied IT Services.** Many software companies will offer IT support for their customers in the form of a help desk or remote support for an additional fee. However, these are typically scaled-back services, limited to troubleshooting their specific application and NOT your entire computer network and all the applications and devices connected to it. If your problem resides outside of their specific software or the server it's hosted on, they can't help you and will often refer you to "your IT department." While it's often a good idea to buy some basic- level support package with a critical software application you use to run your business, this is not enough to provide the full IT services and support most businesses need to stay up and running.

When looking to outsource your IT support, the two service models you are most likely to end up having to choose between are the "managed IT services" and "break-fix" models. Therefore, let's dive into the pros and cons of these two options, and then the typical fee structure for both.

Managed IT Services Vs. Break-Fix: Which Is The Better, More Cost-Effective Option?

You've probably heard the famous Benjamin Franklin quote, "An ounce of prevention is worth a pound of cure." I couldn't agree more — and that's why it's my sincere belief that the managed IT approach is, by far, the most cost-effective, smartest option for any small or medium business. The only time I would recommend a "time and materials" approach is when you already have a competent IT person or team proactively managing your

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computer network and simply have a specific IT project to complete that your current in-house IT team doesn't have the time or expertise to implement (such as a network upgrade, installing a backup solution, etc.). Outside of that specific scenario, I do not think the break-fix approach is a good idea for general IT support for one very important, fundamental reason: you'll ultimately end up paying for a pound of "cure" for problems that could have easily been avoided with an "ounce" of prevention.

Why Regular Monitoring And Maintenance Is Critical For Today's Computer Networks

The fact of the matter is computer networks absolutely, positively need ongoing maintenance and monitoring to stay secure. The ever-increasing dependency we have on IT systems and the data they hold — not to mention the *type* of data we're now saving digitally — has given rise to very smart and sophisticated big business cybercrime organisations and who work around the clock to do one thing: compromise your networks for illegal activities.

In most cases their intent is to access financial information and passwords to rob you (or your clients), create fake identities for credit card fraud, etc. In other cases they may want to use your computer network to send illegal spam, host pirated software, spread viruses, etc. And some do it just for the "fun" of being able to make computer systems inoperable. These criminals work around the clock in teams, constantly finding and inventing new ways to get around your antivirus software and firewalls; that's why you have to remain ever vigilant against their attacks.

Of course, this doesn't even take into consideration other common "disasters" such as rogue employees, lost devices, hardware failures (which are the #1 reason for data loss), fire and natural disasters and a host of other issues that can interrupt or outright destroy your IT infrastructure and the data it holds. Then there's regulatory compliance for any business hosting or touching credit card or financial information, personal data and even client contact information such as e-mail addresses.

Preventing these problems and keeping your systems up and running (which is what managed IT services is all about) is a LOT less expensive and damaging to your organization than waiting until one of these things happens and then paying for emergency IT services to restore your systems to working order (break-fix).

Should You Just Hire A Full-Time IT Manager?

In most cases, it is not cost-effective for companies with under 75 employees to hire a full-time IT person, because you can outsource this function of your business far cheaper and with a lot less work; but you DO want to hire a professional to perform basic maintenance just as you would hire an solicitor to handle your legal matters or an accountant to prepare your accounts. **And if you truly understand the cost of your TIME and factor in employee productivity, the managed IT services model is considerably less**

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expensive over time than the "break-fix" model.

Why "Break-Fix" Works Entirely In The Consultant's Favor, Not Yours

Under a "break-fix" model, there is a fundamental conflict of interests between you and your IT firm. The IT services company has no incentive to stabilise your computer network or to resolve problems quickly because they are getting paid by the hour; therefore, the risk of unforeseen circumstances, scope creep, learning curve inefficiencies and outright incompetence are all shifted to YOU, the customer. Essentially, the more problems you have, the more they profit, which is precisely what you DON'T want.

Under this model, the IT consultant can take the liberty of assigning a junior (lower-paid) technician to work on your problem who may take two to three times as long to resolve an issue that a more senior (and more expensive) technician may have resolved in a fraction of the time. There is no incentive to properly manage the time of that technician or their efficiency, and there is every reason for them to prolong the project and to find MORE problems than solutions. Of course, if they're ethical and want to keep you as a client, they *should* be doing everything possible to resolve your problems quickly and efficiently; however, that's akin to putting a German shepherd dog in charge of watching over the ham sandwiches. Not a good idea.

Second, it creates a management problem for you, the customer, who now has to keep track of the hours they've worked to make sure you aren't getting overbilled; and since you often have no way of really knowing if they've worked the hours they say they have, it creates a situation where you really, truly need to be able to trust they are being 100% ethical and honest AND tracking THEIR hours properly (not all do).

And finally, it makes budgeting for IT projects and expenses a nightmare since they may be zero one month and thousands the next.

What To Look For In A Managed IT Services Agreement And What You Should Expect To Pay

Important! Please note that the following price quotes are industry averages based on a recent IT industry survey conducted of over 500 different IT services firms. We are providing this information to give you a general idea of what most IT services firms charge and to help you understand the VAST DIFFERENCES in service contracts that you must be aware of before signing on the dotted line. Please understand that this does NOT reflect our pricing model or approach, which is simply to understand exactly what you want to accomplish FIRST and then customise a solution based on your specific needs, budget and situation.

Hourly Break-Fix Fees: Most IT services companies selling break-fix services charge between £70 and £110 per hour with a one and a half hour minimum. In most cases, they will give you a discount of 5% to as much as 20% on their hourly rates if you purchase and pay for a block of hours in advance.

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If they are quoting a **project**, the fees range widely based on the scope of work outlined. If you are hiring an IT consulting firm for a project, I would suggest you demand the following:

- **A very detailed scope of work that specifies what "success" is.** Make sure you detail what your expectations are for deliverables, performance, workflow, costs, security, access, etc. The more detailed you can be, the better. Detailing your expectations up front will go a long way in avoiding miscommunications and additional fees later on to give you what you REALLY wanted.

- **A fixed budget and time frame for completion.** Agreeing to this up front aligns both your agenda and the consultant's. Be very wary of loose estimates that allow the consulting firm to bill you for "unforeseen" circumstances. The bottom line is this: it is your IT consulting firm's responsibility to be able to accurately assess your situation and quote a project based on their experience. You should not have to pick up the tab for a consultant underestimating a job or for their inefficiencies. A true professional knows how to take into consideration those contingencies and bill accordingly.

- **A fee payment schedule.** Most projects will require a deposit up front before work can commence, followed by one or more progress billings as milestones are achieved, and a final payment when the project completes. Often equipment costs are paid in full prior to project commencement. A complete understanding of the fee schedule and milestones, as they relate to fees, will avoid misunderstandings and conflict as the project progresses.

Managed IT Services: Most managed IT services firms will quote you a MONTHLY fee based on the number of devices or users they need to maintain, back up and support. That fee is somewhere in the range of £125 to £300 per server, £30 to £50 per desktop and approximately £25 per smartphone or mobile device. If they use a per user model it can start at around £75 per user per month and then decrease as you add more users or need less services (such as 24/7 cover).

Managed IT services are much more than just keeping everything running smoothly. To be sure, that is the fundamental requirement, but your IT service provider should also be a senior Technology Advisor that provides Professional Services as well; such as technology consulting and solution engineering, technology business reviews to keep you informed of industry trends and how they impact your business, assist with business continuity planning, project management, and provide strategic business advice on the best use of your IT technology.

If you hire an IT consultant and sign up for a managed IT services contract, here are some things that SHOULD be included (make sure you read your contract to validate this).

- Regular Service Review and Roadmap planning meetings

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- Support your entire organisation remotely
- Complete network administration
- State-of-The-Art trouble-ticketing system
- Continuous monitoring of server and desktop critical functions
- Security patches applied automatically for urgent and emerging threats
- Gateway and desktop anti-virus automatic updates
- Off-site backup / recovery services
- Backup monitoring and test restores
- Complete network security for entire organization
- Spam-control, with content filtering and reporting
- Spyware, Botnets, and Phishing protection
- Intrusion prevention
- Email archiving and email continuity
- On demand email encryption
- Optional 24x7x356 help desk, with emergency support facilities
- Regular system health reporting

The following is a short list of services that may **NOT be included** and will often be billed separately. This is not necessarily a "scam" or unethical UNLESS the managed IT services company tries to hide these fees when selling you a service agreement. Make sure you review your contract carefully to know what is and is NOT included!

- Hardware, such as new servers, PCs, laptops, etc.
- Software licenses
- On-site support
- Emergency support
- Travel
- Disaster recovery
- Line-of-business application support (facilitate resolution only).

Warning! Gray areas of "all-inclusive" service contracts. In order to truly compare the "cost" of one managed IT services contract to another, you need to make sure you fully understand what IS and ISN'T included AND the "SLA" or "service level agreement" you are signing up for. It's VERY easy for one IT services provider to appear far less expensive than another UNTIL you look closely at what you are getting.

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21 Service Clarification Questions You Should Ask Your IT Services Firm Before Signing A Contract

Choosing the wrong computer consultant can not only be incredibly frustrating and expensive, but it could also cost you lots in down time, data loss, and expensive repair bills, not to mention the headaches and frustrations!

The following are 21 questions to ask your IT services provider that will clarify exactly what you're getting for the money. Some of these items may not be that important to you, while others (like response time, adequate insurance and uptime guarantees) may be critical. Make sure you fully understand each of these items before making a decision about who the right provider is for you; then make sure you get this IN WRITING.

Customer Service:

Q1: Do they answer their phones live or do you always have to leave a voice mail and wait for someone to call you back?
Any reputable computer consultant will answer their phones live from at least 9:00 am to 5:00 pm and give all clients the option of an emergency after hours number they may call if a problem arises, including weekends. Why? Because many owners and senior managers work outside normal hours and find it to be the most productive time they have. If they cannot access their computer network AND can't get hold of anyone to help them, it's incredibly frustrating.

Q2: Do they have a written, guaranteed response time to your calls?
Your computer consultant must guarantee to have a technician working on your problem within a certain timeframe after you call. If they can't guarantee a certain response time, then be prepared to work on their timeframe and not yours when problem does arise. A written guaranteed response time should be standard in every service agreement you sign.

Q3: Do they take the time to explain what they are doing and answer your questions in terms that you can understand (not geek-speak), or do they come across arrogant and make you feel stupid for asking simple questions?
Good technicians are trained to have the 'heart of a teacher' and will take time to answer your questions and explain everything in simple terms.

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Q4: Do they consistently (and proactively) offer new ways to improve your network's performance, or do they wait until you have a problem to make recommendations?
Your computer consultant should routinely conduct quarterly roadmap meetings with you to look for new ways to help improve your operations, lower costs, increase efficiencies and resolve any recurring problems that may be arising. Their goal with these meetings should be to make sure your IT business keeps pace with your business and help you be more profitable, efficient and competitive.

Q5: Do they provide detailed invoices that clearly explain what you are paying for?
Do you hate it when your computer service company sends you a bill and you have no idea what work was done? This is completely unacceptable behavior. You should demand that your computer consultant provide you with detailed invoices that show what work was done, why and when so you never have to guess what you are paying for.

Q6: Do they have adequate Professional Indemnity and Public Liability insurance as well as Employers' Liability Insurance to protect YOU?
Here's something to consider: if THEY cause a problem with your network that causes you to be down for hours or days or to lose data, who's responsible? Here's another question to consider: if one of their technicians gets hurt at your office, who is paying? In this increasingly litigious society we live in, you better make absolutely sure whomever you hire is adequately insured with Professional Indemnity, Public Liability and Employers' Liability Insurance – and don't be shy about asking to see their latest insurance policies!

True Story: A few years ago Geek Squad was slapped with multi-million dollar lawsuits from customers for bad behavior of their technicians. In some cases, their techs where accessing, copying and distributing personal information they gained access to on customers PCs and laptops brought in for repairs. In other cases they lost a client's laptop (and subsequently all the data on it) and tried to cover it up. Bottom line, make sure the company you are hiring has proper insurance to protect YOU.

Q7: Will they fast track simple forgotten passwords or login issues which stop your staff working?
Having a valuable staff member sitting about on the clock but unable to work wastes their time and YOUR money. But knowing the problem is likely a simple password problem or login issue, which can be solved in minutes, can make your blood boil. With a simple fast track system, these types of problems can be looked and resolved within minutes.

Q8: Do you get a fixed price quote for project work?
This is important because many unethical or incompetent computer guys will only quote "time and materials," which gives them free reign to nickel and dime you as well as take as much time as needed on completing a project. One reason they do this is that they haven't done the job before and therefore don't know how long it will take.

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Maintenance Of Your Network:

Q8: Do they insist on remotely monitoring your network 24-7-365 to keep critical security settings, virus definitions and security patches up-to-date and PREVENT problems from turning into downtime, viruses, lost data and other issues?
A remote network monitoring system watches over your network to constantly look for developing problems, security issues and other problems so your computer consultant can address them BEFORE they turn into bigger problems and network downtime.

Q9: Do they provide you with a regular report that shows all the updates, security patches, and status of every machine on your network so you know for SURE your systems have been secured and updated?
Demand a detailed regular (monthly/quarterly) report that shows an overall health score of your network and the updates to your antivirus, security settings, patches and other important network checks (like hard drive space, backups, speed and performance, etc.). Even if you don't read through the report every week, it's important to know that this is happening.

Q10: Is it standard procedure for them to provide you with written, network documentation detailing what software licenses you own, critical passwords, user information, hardware inventory, etc., or are they the only person with the "keys to the kingdom?"
Every business should have this in written and electronic form at no additional cost. Your computer consultant should also perform a quarterly update on this material and make sure certain key people from your organization have this information and know how to use it, giving you complete control over your network.

Side Note: You should NEVER allow an IT person to have that much control over you and your company. If you get the sneaking suspicion that your current IT person is keeping this under their control as a means of job security, get rid of them. This is downright unethical and dangerous to your organisation so don't tolerate it!

Q11: Do they have enough technicians to cope with your demands?
You don't want to find that the moment you need a problem fixing, the only person that can help is away on holiday. They should have enough technicians who know and understand you network and business to be able to help you at all times

Q12: Are you able to speak to someone who knows you and your business?
Conversely to the above, you don't want to speak to a different person every time you phone and end up explaining everything to them. A good supplier will be big enough to cope and small enough to care.

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Q13: When they offer an "all-inclusive" support plan, is it TRULY all-inclusive, or are their "gotchas" hidden in the fine print?

One of the more popular service plans offered by consulting firms today is an "all-inclusive" or "all-you-can-eat" managed services plan. These are actually a good thing because they'll save you a lot of money in the long run – HOWEVER, make sure you REALLY understand what is and isn't included. Some things to consider are:

- Is phone/e-mail help desk included, or extra?
- What about system administration – e.g. changing file permissions or adding/removing users?
- What about 3rd party software and systems support (e.g. your Internet Service Provider)? Will they take on a problem with 3rd parties and get the problem solved.
- If PC or laptop fails – who pays to get it working again?
- What are the costs/consequences of early cancellation?
- Are proactive monitoring, regular maintenance checks and review meetings included?
- What if you aren't happy with their services? Do they offer a money-back guarantee?
- Is offsite backups included? To what degree?
- If you have a major disaster, is restoring your network included or extra?
- What about onsite support calls?
- Are home PCs used to access the company's network after hours included or extra?

Backups And Disaster Recovery:

Q14: Do they INSIST on monitoring an offsite as well as an onsite backup, or are they letting you rely on outdated tape backups?

I would never allow any business these days to use tape backups because they are incredibly unreliable. We prefer a system which takes backups every 30 minutes, keeps a full local copy which can act as a standby system, and automatically offsites the data to a remote facility which can be used to run your systems if you have a major site disaster.

Q15: Do they insist on doing routine test restores of your backups to make sure the data is not corrupt and could be restored in the event of a disaster?

Your computer consultant should perform a monthly "fire drill" and perform a test restore from backup to make sure your data CAN be recovered in the event of an emergency. After all, the WORST time to "test" a backup is when you desperately need it.

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Q16: Do they insist on backing up your network BEFORE performing any type of project or upgrade?

This is a simple precaution in case a hardware failure or software glitch causes a major problem.

Q17: If you were to experience a major disaster, do they have a written plan for how your data could be restored FAST and/or enable you to work from a remote location?

At minimum, you should have a simple disaster recovery plan for your data and network. I would also encourage you to do a full disaster recovery plan for your office, but at a minimum, your computer network will be covered should something happen.

Technical Expertise And Support:

Q18: Is their help-desk based locally or outsourced to an overseas company or third party?

We consider this one of the most important aspects of customer service. The help desk will be your first line of response, should respond to your call within 60 minutes or less, and will be able to solve most problems quickly and efficiently.

Q19: Do their technicians maintain current vendor certifications and participate in on-going training – or are they learning on your time?

Any technician working on your network should be up to-date or actively working on the relevant vendor certifications for your network (i.e. Microsoft, Apple, etc.). Our experience is that the vast majority of technicians out there these days are woefully undertrained.

Q20: Do their technicians arrive on time and dress professionally?

Any technicians working on your network is a part of your staff while they are there. Are the technicians you're used to dealing with true professionals that you would be proud to have in your office. Do they dress professionally, show up on time and tidy up after themselves?

Q21: Are they familiar with (and can they support) your unique line of business applications?

Any computer consultant should own the problems with all of your line of business applications. That doesn't necessarily mean that they can fix faulty software – but they SHOULD be the liaison between you and your vendor to resolve problems you are having and make sure these applications work smoothly for you.

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Q22: When something goes wrong with your Internet service, phone systems, printers or other IT services, do they own the problem or do they say "that's not our problem to fix?"

Your computer consultant should own the problem so that you don't have to try and resolve any of these issues on your own – that's just plain old good service and something many computer guys won't do.

A Final Word ...

I hope that you have found this white-paper helpful in shedding some light on what to look for when outsourcing the support of your company's network. My goal in providing this information was to help you make an informed decision and avoid getting burned by the many incompetent firms offering these services.

If you have any additional comments or questions, we welcome them. Have an idea to make this white-paper even more helpful? Let us know! And, of course, if you are looking for someone you can trust to take over the care and maintenance of "all things digital" in your office, we'd love the opportunity to EARN your business.

Yours respectfully,

Chris Ward

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