InhouseCIO

AN SMB'S GUIDE TO
IT SUPPORT SERVICES AND FEES

IF YOU'RE LOOKING TO OUTSOURCE SOME OR ALL OF YOUR TECH SUPPORT TO AN IT SERVICE FIRM, THIS GUIDE WILL EQUIP YOU WITH THE TOOLS YOU NEED TO FIND A COMPETENT FIRM THAT YOU CAN TRUST.

Read this guide and you'll discover

- The 3 most common ways IT services companies charge for their services, and the pros and cons of each approach.

- A common billing model that puts all the risk on you, the customer, when buying IT services; you'll learn what it is and why you need to avoid agreeing to it.

- Exclusions, hidden fees and other "gotcha" clauses IT companies put in their contracts that you don't want to agree to.

- How to make sure you know exactly what you're getting to avoid disappointment, frustration and added costs later on that you didn't anticipate.

- 21 revealing questions to ask your IT support firm before giving them access to your computer network, e-mail and data.

COMPARING APPLES TO APPLES: THE PREDOMINANT IT SERVICE MODELS

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:

MOST SMBS WHO OUTSOURCE THEIR IT SUPPORT CHOOSE BETWEEN THE "MANAGED IT SERVICES" AND "BREAK-FIX" MODELS

1. 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.

2. MANAGED IT SERVICES

This is a model where the IT services company takes the role of the "IT department" at your business, 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.

3. 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 firm, this is not enough to provide the full IT services and support most businesses need to stay up and running.

MANAGED IT VS BREAK-FIX: THE BETTER CHOICE FOR YOUR SMB.

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.

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 mid-sized 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 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.**

MONITORING AND MAINTENANCE IS CRITICAL FOR YOUR NETWORK

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 has given rise to very smart and sophisticated cybercrime organizations.

In most cases their intent is to access financial information and passwords to rob you (or your customers), 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, medical records 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 firm 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 an SMB with under 100 employees to hire a full-time IT person. You can outsource this function of your business far cheaper and with a lot less work. However, you do want to hire a professional to perform basic maintenance just as you would hire an attorney to handle your legal matters or an accountant to prepare your taxes. And if you truly understand the cost of your time and factor in employee productivity, the managed IT services model is considerably less expensive over time than the "break-fix" model.

WHY "BREAK-FIX" DOESN'T WORK IN YOUR FAVOUR

Under a "break-fix" model, there can be a fundamental conflict of interests between you and your IT firm. The IT services company has no incentive to stabilize 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 who may have resolved the issue 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.

Second, it creates a management problem for you, because you now have to keep track of the hours they've worked to make sure you aren't getting overbilled. 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.

And finally, it makes budgeting for IT projects and expenses a nightmare since they may be zero one month and thousands the next.
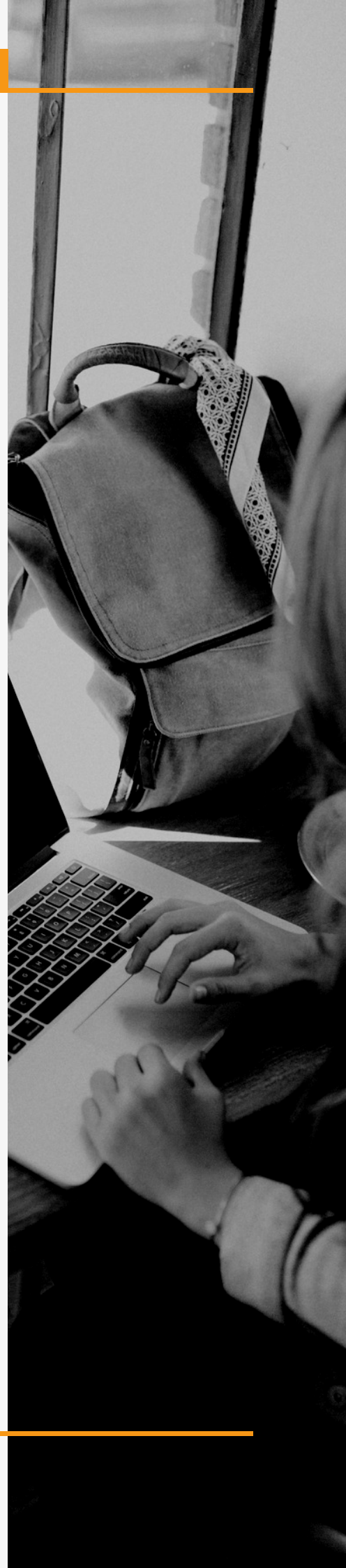
WHAT YOU CAN EXPECT TO PAY FOR BOTH MODELS

IMPORTANT! PLEASE NOTE THAT THE FOLLOWING PRICE QUOTES ARE INDUSTRY AVERAGES. 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.

HOURLY BREAK-FIX FEES

Most IT services companies selling break-fix services charge between $125 and $225 per hour with a two hour minimum. In most cases, they will give you a discount of 5% to as much as 10% on their hourly rates if you purchase and pay for a block of hours in advance.

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 insist on the following:
A very detailed scope of work that specifies what "success" is.

Make sure you detail what your expectations are in performance, work flow, 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.

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.

MANAGED IT SERVICES

Most managed IT services firms will quote you a monthly fee based on the number of devices they need to maintain, back up and support. In the Chicago land area, that fee is somewhere in the range of $300 to $500 per server, $50 to $150 per desktop and approximately $20 per smartphone or mobile device.

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):

- Antivirus updates and monitoring
- Firewall updates and monitoring
- Backup monitoring and test restores
- Spam-filter installation and updates
- Spyware detection and removal
- Monitoring disk space on workstations and servers
- Monitoring hardware for signs of failure
- Optimizing systems for maximum speed
- Vendor Management

The following services 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 servers, PCs, laptops, etc.
- Shipping costs
- Parking costs
- Software licenses
- Support for outdated operating systems
- On-site support

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.

20 QUESTIONS YOU SHOULD ASK BEFORE SIGNING A CONTRACT

The following questions 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 SERVICES

DO THEY ANSWER THEIR PHONES LIVE OR DO YOU ALWAYS HAVE TO LEAVE A VOICEMAIL AND WAIT FOR SOMEONE TO CALL YOU BACK?

Our Answer: We answer our phones live from 8:00 a.m. to 5:00 p.m. and give all clients an emergency after-hours number they may call if a problem arises, even on weekends. Why? Because many of the SMBs we support work outside normal hours and find it 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.

DO THEY OFFER A WRITTEN, GUARANTEED RESPONSE TIME TO YOUR CALLS?

Our Answer: We guarantee to have your call answered by a live human being. This is written into every service agreement we give to our clients because it's standard procedure.

DO THEY TAKE THE TIME TO EXPLAIN WHAT THEY ARE DOING AND ANSWER YOUR QUESTIONS IN TERMS THAT YOU CAN UNDERSTAND (NOT GEEK-SPEAK)?

Our Answer: Our technicians are trained to have the "heart of a teacher" and will take time to answer your questions and explain everything in simple terms.

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?

Our Answer: We conduct strategic business review meetings with our clients to look for new ways to help improve their operations, lower costs, increase efficiencies and resolve any problems that may be arising. Our goal with these meetings is to help our clients be more profitable, efficient and competitive.

DO THEY GUARANTEE TO COMPLETE PROJECTS ON TIME AND ON BUDGET?

Our Answer: All projects are fixed-priced and guaranteed to be completed on time, in writing. This is important because many unethical computer guys will only quote "time and materials," which gives them free rein to nickel-and-dime you as well as take as much time as they want completing a project.

DO THEY PROVIDE CLEAR INVOICES THAT CLEARLY EXPLAIN WHAT YOU ARE PAYING FOR?

Our Answer: We provide clear invoices that show what work was done, why and when, so you never have to guess what you are paying for. We also double-check our invoices for accuracy before they are sent to you.

DO THEY HAVE ADEQUATE ERRORS AND OMISSIONS INSURANCE AS WELL AS WORKERS' COMPENSATION INSURANCE TO PROTECT YOU?

Our Answer: 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's paying? In this litigious society we live in, you better make darn sure whomever you hire is adequately insured with both errors and omissions insurance and workers' compensation — and don't be shy about asking to see their latest insurance policies!

NETWORK MAINTENANCE

DO THEY REMOTELY MONITOR YOUR NETWORK 24/7/365?

Our Answer: Yes; our remote network monitoring system watches over your network to constantly look for developing problems, security issues and other concerns so we can address them before they turn into bigger problems.

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"?

Our Answer: All clients receive this in written and electronic form at no additional cost. We also perform a quarterly update on this material and make sure certain key people from your firm 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 firm. 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 unethical and dangerous to your firm, so don't tolerate it!

DO THEY PROVIDE YOU WITH A WEEKLY REPORT OF THE UPDATES, SECURITY PATCHES, AND STATUS OF EVERY MACHINE SO YOU KNOW YOUR SYSTEMS HAVE BEEN SECURED AND UPDATED?

Our Answer: Every week our clients get a detailed report that shows an overall health score of their network and the updates to their antivirus, security settings, patches and other important network checks like hard-drive space, backups, speed and performance, etc.

DO THEY HAVE OTHER TECHNICIANS ON STAFF WHO ARE FAMILIAR WITH YOUR NETWORK IN CASE YOUR REGULAR TECHNICIAN GOES ON VACATION OR GETS SICK?

Our Answer: Yes; and since we keep detailed network documentation (basically a blueprint of your computer network) and updates on every client's account, any of our technicians can pick up where another one has left off.

WHEN THEY OFFER AN "ALL-INCLUSIVE" SUPPORT PLAN, IS IT TRULY ALL-INCLUSIVE, OR ARE THEIR "GOTCHAS" HIDDEN IN THE FINE PRINT?

Our Answer: Our "all-inclusive" support plan is just that — all-inclusive. One of the more popular service plans offered by consulting firms today is an "all-inclusive" 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 understand what is and isn't included.

- Is phone/e-mail help desk included or extra?
- What about network upgrades, moves or adding/removing users?
- Is hardware and/or software included?
- What about 3rd-party software support? (We recommend that this IS included.)
- What are the costs/consequences of early cancellation
- If the hardware and software is included, what happens if you cancel the contract?
- Are off-site backups included? To what degree?
- If you have a major disaster, is restoring your network included or extra?
- What about on-site support calls? Or support to remote offices?

BACKUP AND DISASTER RECOVERY

DO THEY INSIST ON MONITORING AN OFF-SITE AND AN ON-SITE BACKUP, OR ARE THEY LETTING YOU RELY ON OUTDATED TAPE BACKUPS?

Our Answer: We do not allow our clients to use tape backups because tape backups are incredibly unreliable. We make sure all of our clients have an automated onsite backup solution and an automated offsite cloud backup that can be restored quickly in the event of an emergency.

DO THEY INSIST ON DOING PERIODIC TEST RESTORES OF YOUR BACKUPS TO MAKE SURE THE DATA IS NOT CORRUPT AND COULD BE RESTORED IN THE EVENT OF A DISASTER?

Our Answer: We perform a monthly "fire drill" and perform a test restore from backup for our clients to make sure their 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.

DO THEY INSIST ON BACKING UP YOUR NETWORK BEFORE PERFORMING ANY TYPE OF PROJECT OR UPGRADE?

Our Answer: We do, and that's simply as a precaution in case a hardware failure or software glitch causes a major problem.

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?

Our Answer: All clients receive a simple disaster recovery plan for their data and network. We encourage them to do a full disaster recovery plan for their office, but at a minimum, their network will be covered should something happen.

TECHNICAL EXPERTISE AND SUPPORT

IS THEIR HELP-DESK OUTSOURCED OR A 3RD PARTY?

Our Answer: We provide our own in-house help desk and make sure the folks helping you are friendly and helpful. We consider this one of the most important aspects of customer service, plus we feel it's important to keeping your data secure.

WHEN SOMETHING GOES WRONG WITH YOUR INTERNET SERVICE, PRINTERS OR OTHER IT SERVICES, DO THEY OWN THE PROBLEM OR DO THEY SAY, "THAT'S NOT OUR PROBLEM TO FIX"?

Our Answer: We feel we should own the problem for our clients so they don't have to try and resolve any of these issues on their own — that's just plain old good service and something many computer guys won't do.

DO THEIR TECHNICIANS MAINTAIN CURRENT VENDOR CERTIFICATIONS AND PARTICIPATE IN ONGOING TRAINING — OR ARE THEY LEARNING ON YOUR DIME?

Our Answer: Our technicians are required to keep the most up-to-date vendor certifications in all the software we support with a special focus on Microsoft certifications. Plus, our hiring process is so stringent that over 90% of the technicians who apply don't make it through. (Guess who's hiring them?)

ARE THEY FAMILIAR WITH (AND CAN THEY SUPPORT) THE UNIQUE BUSINESS APPLICATIONS FOR YOUR BUSINESS?

Our Answer: We own the problems with all lines of business applications for our clients. That doesn't mean we can fix faulty software — but we will be the liaison between you and your vendor to resolve problems you are having and make sure these applications work smoothly for you.