What Every Business Owner Must Know About IT Support Services and Fees

What You Sould Expect to Pay for IT Support for Your Business and How to Get Exactly What You Need

INFORMATION COMPILED BY:

mxotech

Beyond IT. People.

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Beyond IT. People.

Never ask an IT Services Company, "What do you charge for your services?" Instead you should ask, "What will I get for my money?"

When I quit my job I had two choices: I could go work for another IT consulting company that didn't deliver on their promises...or I could start my own business, vowing to keep my word, and never compromising my values.

Guess which one I chose?

My name is Joanna Mirov and I am the Founder and CEO of MXOtech. We've been providing outsourced IT services to businesses in the Chicagoland area since 2005. As a small business owner myself, I understand that every penny is important and as is partnering with companies that you like and trust.

Two of the most common questions we get from new prospective clients are "What services do you provide?" and "What do you guys charge for support?" Since these are such common questions — and very important ones to address — I decided to write this report for 3 reasons:

1. I wanted an easy way to answer these questions and educate all prospective clients on the most common ways IT 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 owner thinks about, understands 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.

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.

Happy Computing!

Joanna Mirov

Joanna Mirov
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WHAT'S INSIDE

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.

- Revealing questions to ask your IT support firm BEFORE giving them access to your computer network, e-mail and data.

THE MXO CORE PURPOSE
To connect good people with great technology.

COMPARING APPLES TO APPLES

THE TOP 4 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 four predominant service models most of these companies fit within. Some companies offer a blend of all four, while others are strict about offering only one service plan. The four predominant service models are:

1) TIME & 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 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, VoIP digital calling, and a host of other services to monitor and maintain the health, speed, performance and security of your computer network. As an example, they should start with a comprehensive onboarding process. This includes documentation and inventory of all of your equipment, software, third-party vendors, employee engagement, new machine set-up, system response times, and backups – just to get started.

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 including 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.

4) IN-HOUSE IT PERSON

In this case, you have one person at your company designated to handle all of your technology. While it can be great to have an IT person located at your office, it can also pose several challenges. Should there be multiple people within your organization that have computer trouble at the same time, there is no way that one person can handle them all at once. This leaves members of your staff with downtime until the IT person can get to them. Also, in the ever-changing world of technology, it is nearly impossible for one person to be an expert at everything. Having a team of experts with a broad range of experience will give you access to a pool of specialists to handle any IT service or challenge. Finally, people can be the biggest risk and a single point of failure – and most companies don't realize it. Whether it's a simple input mistake or malicious intent, relying on a single person to manage your entire network is one of the highest risks for an organization.

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." We 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 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 – you'll ultimately end up paying for a pound of "cure" for problems that could have easily been avoided with an "ounce" of prevention.

In the break-fix model, 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. 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. 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, honest AND tracking THEIR hours properly (not all do). The break-fix model makes budgeting for IT expenses a nightmare since they may be zero one month and thousands the next.

WHY SECURITY MONITORING AND NETWORK MAINTENANCE IS CRITICAL

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 cybercrime organizations who work around the clock to do one thing: compromise your networks for illegal activities.

In most cases, the intent of a cybercriminal is to access financial information and passwords to rob you (or your clients). In other cases, they may want to use your computer network to send illegal spam, host pirated software, spread viruses, and profit from identity theft or credit card fraud. Some hackers generate attacks 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. It's crucial you remain ever vigilant against their attacks.

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,

natural disasters, and a host of other issues that can interrupt or outright destroy your IT infrastructure and the data it holds. And it's even more complex for any business hosting or touching credit card or financial information, medical records and even client contact information such as e-mail addresses which have to meet regulatory compliances.

Preventing these problems in the first place, and keeping your systems up and running, is what managed IT services is all about. It is a LOT less expensive and less 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 AN IT MANAGER?

In most cases, it is not cost-effective for companies with under 60 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 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.

Benefits of hiring an IT company vs IT manager:

- Access to a pool of people with different areas of expertise
- Simultaneous support for multiple users
- No vacation time or sick days
- Knowledge in specific technologies or practices - applications, servers, phone systems, IT strategy and budgeting

QUESTIONS TO GET ANSWERED

BEFORE WORKING WITH AN IT COMPANY

Evaluating IT companies is tough. Use these questions as a guide to assist you in discovering important support details before deciding on the right provider for your business.

CUSTOMER SERVICE

- Do they always answer their phones live?
- Do they have a written, guaranteed response time?
- Do they take time to explain things clearly so that even non-technical people can understand?
- Do they consistently and proactively offer new ways to improve the performance of your network or applications?
- Do they have a Project Management Team that guarantees projects are delivered on-time and on-budget?
- Do they have errors & omissions and workers comp insurance to? protect you?
- Do they have competent Technical Account Managers who can communicate clearly and proactively?
- Do they proactively follow up with you on support tickets?

MAINTENANCE OF MY NETWORK

- Do they remotely monitor your network 24/7/365?
- Do they provide a regular report so you know for sure that your systems are backed up?
- Do they meet with you on a regular basis to strategize about your technology vision to grow your business?
- Do they meet with on you a monthly basis to review your helpdesk tickets, identify common issues, and ensure your employees' issues are being taken care of?
- Do they provide written documentation of your network including critical passwords, user information, hardware inventory, etc?
- Do they have multiple technicians that are familiar with your account in case your regular tech is out?
- Is your "all-inclusive" support plan truly all-inclusive? What is NOT included in the plan?

BACKUPS AND DISASTER RECOVERY

- Do they insist on monitoring on-site and off-site backups?
- Do they insist on doing periodic test restores of your backup to make sure they're working?
- Do they insist on backing up your network before starting any projects or upgrades?
- Do they have a written plan for getting your network and data restored in the event of a disaster?
- Do they have a security team on staff?

TECHNICAL EXPERTISE & SUPPORT

- Is their helpdesk local and in-house or outsourced?
- Do their developers and technicians maintain current certifications and participate in on-going training?
- Are they familiar with your unique line of business applications? Are they able to integrate and customize them if necessary?
- Do they work with your other vendors (internet, phones, printers, applications) to resolve issues?
- When something goes wrong, do they own the problem through to completion?

WARNING: Beware of gray areas in "all-inclusive" service contracts. It's very common for one IT services provider to appear less expensive than another UNTIL you look closely and fully understand what IS or IS NOT included. Instead of asking, "what do you charge for your services?" you should ask, "what will I get for my money?"

WHAT TO LOOK FOR IN A MANAGED IT SERVICES AGREEMENT AND WHAT YOU SHOULD EXPECT TO PAY
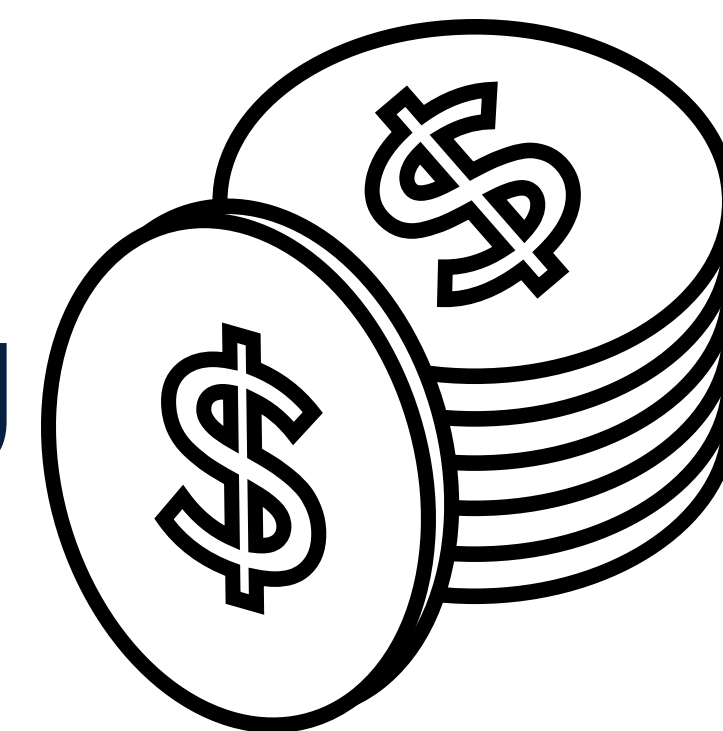
IMPORTANT!

Please note that the following price quotes are industry averages based on a recent IT industry survey conducted of over 750 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 customize a solution based on your specific needs, budget and situation.

HOURLY BREAK-FIX FEES:

Most IT services companies selling break-fix services charge between $90 and $175 per hour with a one-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.

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 entails. Make sure you detail what your expectations are in performance, workflow, costs, security, access, etc. The more detailed you can be, the better. Detailing your expectations upfront 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 upfront aligns both your agenda and the consultant's agenda. 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.

MANAGED IT PARTNERSHIP:

Money is often a top concern of business owners when it comes to a managed service plan. The truth is, outsourcing IT actually reduces costs and is less expensive than an internal IT manager. Here's how: **MSPs specialize in keeping your network safe and running at its most efficient**. They invest in tools that can monitor and maintain your systems all day, every day…unlike any one person can. Behind these tools is a team of support staff that can also monitor, and problem solve, in the rare case of an error. Less downtime means your staff is working consistently, and if your employees' productivity is at its best, that is a huge return on investment.

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 Chicago, that fee is somewhere in the range of $200 to $450 per server, $80 to $130 per desktop and approximately $2 to $5 per smartphone or mobile device.

If you 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):

- Security patches applied weekly, if not daily, for urgent and emerging threats
- Antivirus updates and monitoring
- Firewall updates and monitoring
- Backup monitoring and test restores
- Spam-filter installation and updates
- Malware detection and removal
- Monitoring disk space on workstations and servers
- Monitoring hardware for signs of failure
- Optimizing systems for maximum speed
- New workstation/laptop set-up
- Account management and strategy to align with your business growth

The following services may **NOT be included** and will often be billed separately. This is not 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!

- Server Set-Up
- Office Moves
- On-Site Support
- New Desktop and Laptop Set-Up
- Third-Party Vendor Management

In a nutshell, you should be investing in an IT partner that benefits from you being up, running, and profitable -- NOT one that benefits from your IT problems and downtime.

MXOtech Client Partnership Event
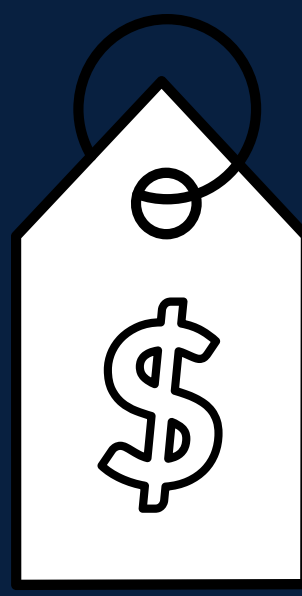
CALCULATE YOUR CURRENT IT COSTS

HARD COSTS
The hard costs involve hardware and software.

$	Licensing cost for SPAM filtering, antivirus, security and spyware software per month.
$	Other service and support costs per month (i.e. backups)

SOFT COSTS
The soft costs are what most people forget to include when evaluating their current IT spend.

HOURS	ISSUE
	Downtime - How many hours of downtime does your business experience per month waiting for a resolution or response from your current IT support? (Microsoft estimates 1 crash per week at 15 minutes per crash, averages 1 hour/employee/month)
	Lost Productivity/Procurement - How many hours a month are spent evaluating technology, selecting vendors, financing? (Microsoft suggests 1 hour/employee/month)
	Asset Management - How many hours a month are spent tracking warranty info licensing, expiration, etc.?
	Workflow - How many hours a month are spent by employees waiting for slow computers or basic computer problems?
	SPAM - How many minutes per day does an employee spend on average dealing with junk email? (Average = 12/day or approximately 4 hours/employee/month)
	Non-Business Internet Usage - How many hours are spent a month by each employee using the internet for non-business related activities? (Average = .5 hours/day or approximately 11 hours/employee/month
	Security Breach - What would it cost your business or your reputation if your data was compromised?
	TOTAL HOURS X AVERAGE HOURLY WAGE = COST PER MONTH

DECODING THE MXO LOGO

We're often asked how we came up with our name and logo. Here's an overview of MXOtech. Decoded.

NAME

What does MXO stand for? Many X-cellent Offerings. Multiple X-perienced Officers. Magnificent Xylophone Operators. Take your pick. That's one secret we're keeping.

COLOR

Why blue? Because blue represents depth and stability. It is a symbol for trust, loyalty, wisdom, confidence, intelligence and trust.

CIRCLE AND DOTS

Look closely at the two parts of our circle. Can you see the two people with their arms around one another, embracing? This represents the support we provide - to our clients and to each other as a team. It's not just about the technology - it's about the people that use the technology. We often say, we don't support computers, we support people.

TAG LINE

"Beyond IT. People." We realize that on the other end of that mouse, there's a person that's moving it. The solutions that we provide through technology are created with you in mind - to make your day easier, your computer run faster, your data stored safer, and your organization more profitable. Our breadth of experience and the services we provide go beyond what you will find at most IT companies. We are passionate about helping our clients achieve their mission through technology and beyond.

CORE VALUES

These are our MXO WAFLS.

They support our vision, shape our culture, and reflect what we value.

We believe our CORE VALUES should be aligned with our customers and team who are going to drive us forward into tomorrow.

They are a primary recruiting and retention tool. In fact, we incorporate them into a lot of our decision making.

No matter who we're talking to or what project we're working on, our messages and interactions are built around these five core values.
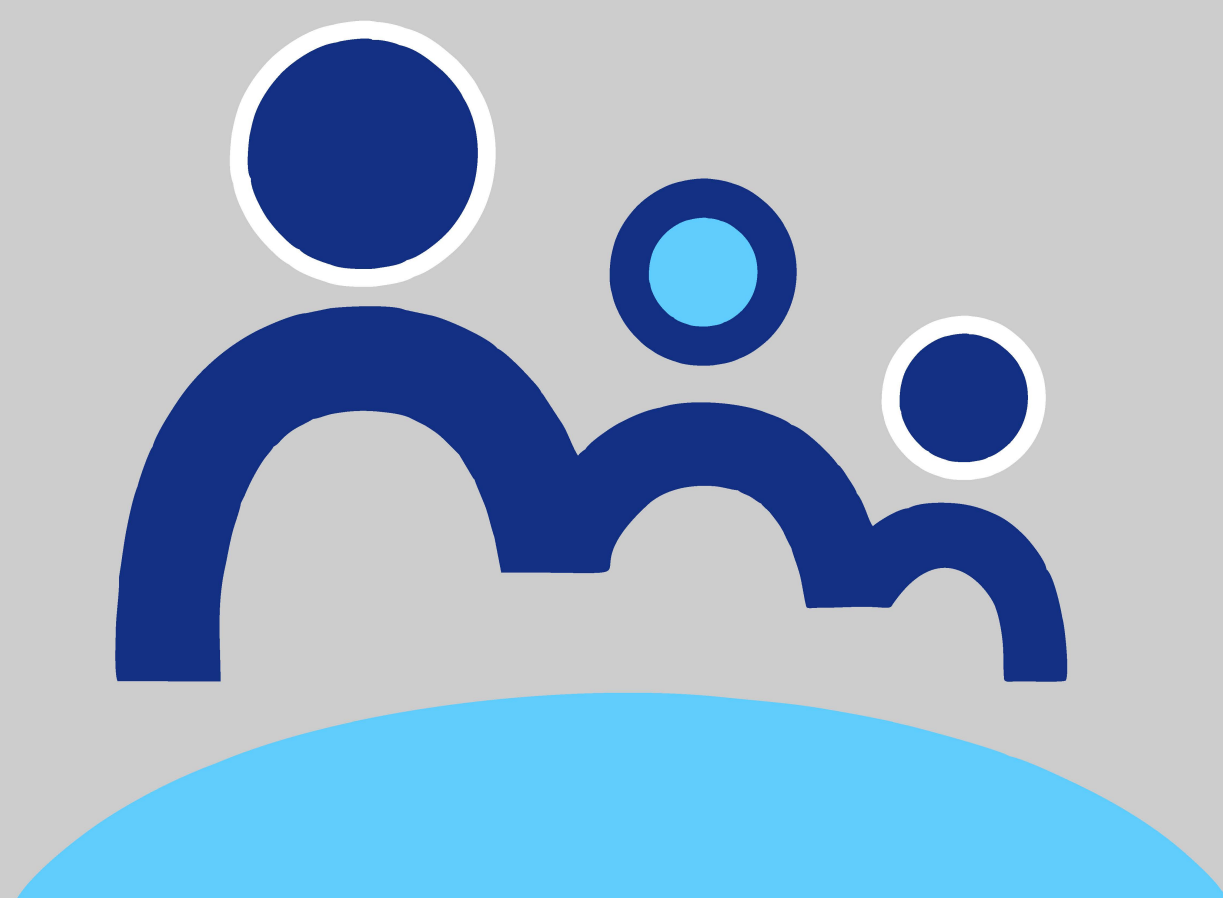
Walk with purpose

mxO tech
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Assume the best intentions

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Beyond IT. People.

Family spirit

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Beyond IT. People.

Let everyone feel your smile

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Sense of urgency

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"Thanks to MXOtech, we can run our business smoothly and without fear of a server crash."

- Craig Leva, Arway/Long Grove Confections

"I feel great knowing we are in good hands with a team that has our best interests at heart."

- Tom Madura, Carroll Seating Company"

"Engaging in a BPI assessment with MXOtech was a low risk investment that turned out to save at least $300,000 in manual staff time in a 3-year period."

- Donald Steadman, All-Tech Decorating

"Having MXOtech as a trusted advisor has been key to the stability and strength of our day-to-day operations."

- Jenny Kolpien, Agency H5

MXOtech Client Partnership Event

Interested in learning more?

Give us a call.

When it comes to choosing a technology partner, we understand that you have options. We recognize that the decision to hire an IT partner is an important one.

At MXOtech, we're here to help guide you in the right direction and to create a customized plan that fits your needs, goals, and budget. Our intent is to assist you in making a well-informed decision that will support your business and empower you to grow.

312.554.5699