



# BIG BUSINESS IT ON A SMALL BUSINESS BUDGET

## What is “Managed Services”

Managed Services has been a popular term in the last several years. Many companies seem to offer “Managed Services” as part of their portfolio yet the definition seems confusing. Even as I write this today there is not a set definition, even among the companies who claim to provide the service. One provider put it this way: “In a way, defining managed services is like the famous quote about trying to define obscenity; it is almost impossible to accurately define, but you can recognize it when you see it.”

For the purposes of this paper we will focus on “Managed Services” for the IT Services provider. Until recently all IT providers provided their services on an “as needed basis”. A business would have an “IT guy” that they would call whenever something didn’t work. He would come and attempt to resolve the problem and then send them a bill for time spent. This model created many issues. Businesses would be reluctant to call the IT guy until they really needed to due to the unknown potential cost. In many cases the delayed call would make the problem worse than if it would’ve been addressed in the beginning. This created a “win-lose” scenario. If the client had many IT issues it was quite profitable for the IT provider. Conversely, if the client had few problems the IT Providers revenue would suffer and he would be incentivized to “find problems”. In addition, there was a lack of trust in the relationship as the goals of the IT provider and the client conflicted. Recognizing this, IT providers wanted to find a way that was aligned the business interests of the client and the IT provider and thus, Managed Services was born.

Here’s a standard definition that starts to try and narrow down what managed services means:

The Computer Desktop Encyclopedia defines managed services as "an umbrella term for third-party monitoring and maintaining of computers, networks and software. The actual equipment may be in-house or at the third-party's facilities, but the "managed" implies an on-going effort; for example, making sure the equipment is running at a certain quality level or keeping the software up-to-date." BusinessDictionary.com says it more succinctly: “Management, typically by an outside third-party, of an organization's services and equipment related to computers, networks, or software. Web hosting providers and internet service providers are examples of entities that provide a managed service.”

In a nutshell, true Managed Service Providers are 100% responsible for the safety, security, and reliability of your IT infrastructure and work on a fixed-fee basis. This changes the incentive for them from “finding problems” to “preventing problems”. Obviously, the fewer problems the client has now the more profitable it is for the Managed Service Provider (MSP)

So how does this new approach solve the problems and issues of the past for your business? First and foremost, Managed Services aligns the business interests of the IT Service provider and the client. Both now operate more strategically than reactively in order to prevent problems and to keep things running smoothly. This model also rewards both the client and the MSP when things go smoothly and both suffer when things don't go smoothly creating a true win-win relationship. This business model also smooths the revenue stream for the MSP and fixes the IT budget for the client resulting no ugly surprises from a billing standpoint. Trust increases substantially since the MSP now has assumed, shared risk with the client enabling what can truly be called a partnership. This partnership can work well with most small to medium sized businesses, whether there is no IT or a small IT department.

When a MSP works in conjunction with the in-house IT staff, we call this Co-Managed IT. Co-Managed IT is when a company uses managed services to enable their own IT department to do more by adding resources, insight and efficiency. The MSP takes over the day to day monitoring, maintenance and end-user support tasks, freeing up your valuable engineers to focus on internal IT strategy and investments, thus improving your company value and competitive advantage. This is usually more cost-efficient than making another IT hire.

With so many different types of MSPs and offerings, the MSP label can be a confusing one. So, when considering managed services, think first about *your* requirements. How satisfied you are with the level and quality of support that you have today? Where are the gaps, pain points and inefficiencies in IT infrastructure management? How do downtime, outages and other problems impact your business?

With these requirements top of mind, evaluate MSPs that map to your IT, business and budget requirements and provide a flexible, strategic, proactive approach that can adapt with you as your needs evolve. For more details check out this infographic: [Top 10 Reasons to Outsource I.T.](#)

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