



**GFIMAX**<sup>TM</sup>

Easy, Affordable Tools for IT Support & Managed Services<sup>TM</sup>

# Managed Services Evolution

## The 'Nail It, Then Scale It' Guide to Moving into Managed Services

### Managed Services: Evolution not Revolution

As the market for IT Support Services gets more competitive, the advantages of adding Managed Service Solutions to your business offerings are very compelling. Managed Services allow you to boost profitability by building steady, recurring revenue streams; effectively managing your resources; strengthening your relationship with clients and future planning for business growth.

For those who are keen to move into Managed Services GFI Software offers GFI MAX, also known as HoundDog, and recommends an **Evolutionary** – not Revolutionary – approach. There's not much wisdom in risking your business to launch a whole new business model given today's risky economic climate. So while the others want you to 'Revolutionize' the way you do business, we think it's always better to take small steps – Nail it, then scale it.

This paper explores the advantages and potential risks associated with moving into Managed Services, and presents GFI Software's recommended 'Nail It, Then Scale It' model for successfully adding this service to your business offering.

### What are Managed Services?

GFI Software defines Managed Services, sometimes also referred to as Contracted Support, in a straightforward way. We think they are basically 'performing IT services for a fixed monthly rate,' as opposed to charging for hours worked. In short, it's a monthly service contract that could include a variety of services such as managing a client's network, security, back-up and email systems.

GFI Software provides easy, affordable yet effective remote monitoring and management tools that help IT Support Companies and Managed Service Providers deliver these services. We help all types of IT Support Companies deliver Managed Services as well as revenue generating IT Support Services for break-fix and support bank customers too.

Today, over 1,700 IT Support Companies and Managed Service Providers are building recurring revenues and delivering best-of-breed IT support the Easy way – with GFI MAX.

### Managed Services Advantages

With Managed Services, there are a number of great business benefits to you and your customer:

- **Business Security** – Getting customers to opt-in to a flat-rate per month deal means your revenues are much more certain, making longer-term business planning and expansion much easier.
- **Aligned Interests** – Performing services on a contracted, fixed-rate basis aligns your customers' interest (maximizing uptime) with your interests (minimizing incidents and their

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costs so that you maximize profits from the contract). The essence of any support arrangement is that the client is paying you to keep their systems going. Under a Break-Fix arrangement, you're only paid when things break. In Break-Fix, faults are good. Lengthy fixes are even better because they drive billable hours.

Under a fixed-rate support contract however, you'd rather have fewer and quicker-to-resolve faults because that's going to keep your costs low – and your profits on that contract high. This is where toolsets like GFI MAX help in the provision of Managed Services: you're able to spot impending issues and fix them fast, boosting their uptime, minimizing your costs and maximizing your profit.

- **Sell More Upgrades** – If you're able to sell the customer on the 'we both don't want downtime' alignment, you may be able to evolve into a position of trusted partner, rather than just being the guy who's always hoping for another fault. If you're a trusted partner, you're more likely to be able to convince them to invest in big upgrade projects – which are always nice.
- **Happy Customers** – A good portion of your customers will really like the notion of a flat-rate per month fee. They will relax in the knowledge that you will keep their systems up and running (and act fast to fix problems) for a regular fixed cost, so they can get on with doing their jobs and stay within budget – it's a great comfort factor.

### The Risks

A key point to remember is that not all customers will want a flat-rate, Managed Service contract. Many will like the direct link between work that you do and the payment they make maintained. In our view, it's always risky to try to force customers down a fixed-amount-per-month route that they might not want. This move would have to be counter-productive to customer retention and bad for your business reputation. At GFI Software, we think it's best to offer service contracts to those who really want them, and continue with a Break-Fix service for those who don't.

Keeping a number of Break-Fix clients on your books lets you absorb extra capacity (non-committed hours) as well as providing an opportunity to charge a 'Fix It Now' fee to Break-Fix clients. Under this arrangement, their work will be moved to the top of the queue for a juicy premium.

We fully believe that you will be able to demonstrate the value of fixed-price services to some of your clients and move them over onto Managed Service contracts. But inevitably there will still be those who won't budge from the Break-Fix model, and if you don't look after them, then somebody else will.

Beyond keeping your customers (and keeping them happy), there are some other risks to the Managed Services transformation, which could be bad news for your business:

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- **Taking on too much too soon** – Trying to introduce Managed Services all at once, to all your customers is very likely a recipe for disaster in our book. Just as Rome wasn't built in a day, you shouldn't expect that you can successfully transform your business overnight.
- **No profit** – Pricing service contracts requires some time and thought. Setting an incorrect monthly rate may put you in a situation where your costs exceed your revenues, leading you to financial woe. A softly-softly approach helps you avoid missteps.
- **Big costs** – Many 'Managed Service Systems' involve big upfront license costs, training expenses and lengthy support agreements. Fixed costs, when you're moving into new unknown territory, seem like a bad idea to us.

So, in summary, there are some considerations to be made before launching into Managed Services, which is why GFI Software recommends a gradual transformation. When we confront big risks that involve betting our business on them, we tend to move slowly. For us, evolution trumps revolution almost all of the time.

### Nail It, Then Scale It

#### The GFI Software Guide to Moving into Managed Services

In our book, all business starts with 'the customer'. We figure that if we give them what they want, they'll tend to be happy and stick around for a while. So when it comes to offering IT Support, we advocate using a combination of business models – Break-Fix, prepaid Support Bank and Managed Services – according to what your customers want.

(And lucky for us – or maybe because of the way we built it – GFI MAX works for all three business models too. [Contact us](#) for info on 'GFI MAX for Break-Fix' and 'GFI MAX for Support Bank.')

If you want to introduce Managed Services into your business, we think the best approach is to start in a controlled, exploratory way. Nail the model, and then scale it for those customers who want to be on service contracts, and at the same time preserve the tried and tested Break-Fix and Support Bank models for other customers who prefer these arrangements. There will be less risk to your business, less stress for your staff and most importantly, you'll keep all of your customers happy.

We think a six step model might be useful as a guide – or maybe it just spurs some thoughts to help you craft your own progression.

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## Managed Services – The Nail It, Then Scale It Model



### 1. Start with customers on Break-Fix or Support Bank contracts.

(You are probably here already.) This is the best way to understand the true costs of service for this customer before you embark on an open-ended service contract.

### 2. Introduce Easy, Affordable IT Support Tools (at additional fees if you wish).

Just because you don't do Managed Services yet doesn't mean you shouldn't use tools like GFI MAX to cut your costs, enhance service levels and boost your revenues from these customers. We think there's a bunch of advantages to introducing these tools at this stage:

Keep service levels high and build trust – Using a monitoring system like GFI MAX helps you spot small issues and ride to your customer's rescue – alerting you to the issue before they even know they have a problem. You're still going to get to fix it and bill them for it, but you'll know about it a lot earlier, can start applying the fix sooner, and can keep your customer happy with your great service levels.

- **Keep costs low** – By getting alerted to the exact cause of the issue, you're able to fix it fast – yet still bill the same rate.



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- **Sell additional services** – GFI MAX users often sell their Break-Fix clients a ‘Mini-Contract’ that provides a Daily Health Check of their systems. The customer gets a short one-page report highlighting any problems each morning as though it’s from the support company. The customer can then opt to have the support company fix them – or take care of the problems themselves. The benefits? The customer is tied to the IT Support Company in a small way via the Mini-Contract. Secondly, the support company charges £1 per day or more for the Daily Health Check and earns a 50%-plus margin on GFI MAX. Thirdly, the support company uncovers more faults that they can then fix – and bill. And finally, the support company positions themselves as a trusted partner for providing such a valuable service..
- **Get staff on-board now** – Get staff accustomed to new tools before you layer on a whole new business model too. The fastest way to do this is with tools that are easy to use. With GFI MAX you can get going in just 10 minutes, and our easy wizard and industry-standard interface means there is no training required.

Using a tool like GFI MAX doesn’t have to cost the earth. In our view, the best kinds of tools are the really affordable ones that do a great job but don’t cost big time or money upfront and don’t lock you in to ongoing contracts. This gives you the flexibility to build up your Managed Service offering the way you want over time.

### 3. Get to grips with costs of service – and thus your prices.

Once you’re supporting your Break-Fix and Support Bank clients by using GFI MAX, you’ll have a good feel for the true cost of supporting them with these new tools. You can then structure flat-rate pricing so that you’re sure your costs won’t exceed your fees.

### 4. Introduce a select range of Managed Services to trusted clients.

Making wholesale changes is risky. We’d recommend starting with a few customers with a few select services. And we think the best place to start is with Contracted Server Support for several reasons:

- It’s a known, controlled system unlike, say, workstations where users can get in and muck things up.
- It’s absolutely critical to the client’s operations because server downtime affects many users.
- There are a lot of really useful tools available to help you do a great job at little or no cost - such as GFI MAX, Terminal Services, and others. You don’t need big complex systems – and big, expensive bank loans – to offer Managed Services.

With Contracted Server Support you can get going easily, demonstrate value through increased uptime and refine the Managed Services model from there.

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## 5. Adapt and add additional Managed Services as you go.

Once you have a good feel for service contracts on servers – and your customers have begun to buy into this way of operating – you can start to add additional services to your menu. We’d suggest keeping focused on the things that add the most value. It’s easy to get distracted by a system that helps you monitor printer and drive mappings, or handles remote domain policy management, but is the time, effort and cost really worth the marginal benefit you’ll get for those systems? Keeping it simple sounds like a pretty good rule to us.

You may choose to offer customers a phased Managed Service approach as follows:

Service	Phase 1	Phase 2	Phase
Proactive 24x7 Server Support	✓	✓	✓
Daily Server Health Checks & Reports	✓	✓	✓
Remote Server Maintenance	✓	✓	✓
Desktop Health Checks		✓	✓
Desktop Remote Support/User Assist		✓	✓
Patch Management		✓	✓
Broadband Provision & Monitoring			✓
Firewall Management			✓
Security Management			✓
User HelpDesk			✓
Back-up and Disaster Recovery			✓

With a steady progression, you’ll be able to build up a menu of known, understood fixed-price services and to offer them to clients according to what they want.

## 6. Scale it - Introduce Managed Services to a wider set of clients and prospects.

Once you’ve nailed it for some select customers, it’s time to scale it and start offering Managed Services to your wider customer base. By now you’ll have a good understanding of the services that are of true value to your customers, will have tuned out the inefficiencies, and be regularly monitoring and managing the contract to ensure you’re making money on what you do.

To ensure your Managed Service offering remains profitable, we’d also recommend scheduled on-site visits with these clients a few times a year to help maintain the business relationship. Not only is it a great time to demonstrate the value you’ve been delivering, but you’ll get to know what

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their priorities are in terms of improving their systems and infrastructure. It can also be useful for giving you an idea of any competitors that might be about.

### **And finally...**

If done well, the Managed Services business model can lead to great business benefits such as increased profits, improved service levels, happy customers who refer new business, and the peace-of-mind provided by fixed recurring revenues. At GFI Software, we believe the best way into Managed Services is a softly, softly approach – offering it to a few customers on specific services before diving in whole-heartedly. Risking your business based on a vendor's sales pitch is never a good idea.

During this Managed Services refinement process, we suggest that you keep your commitments (with respect to cost outlays and long-term contracts) to a minimum and keep your options open. Find tools that call for no big upfront investment, no minimum quantities and no long-term lock-in. And stay focused on your most important asset – your customers – not big, bloated systems.

### **About HoundDog Technology**

HoundDog has the easiest, most affordable solution for IT Support Companies regardless of the business models they use - Managed Services, Break-Fix or pre-paid Support Bank. It helps them boost revenues, cut service costs, deliver higher standards of service and win more contracts.

In contrast to other more complicated monitoring and support packages, GFI MAX takes minutes not months to set up, and requires no training, hardware, up-front payment, minimum commitments or long-term contracts. GFI MAX delivers 90% of the value of other 'bloatware' packages – at just a fraction of the effort and cost. [Sign up for our 30-day free trial to see how GFI MAX can work for you.](#)