Nine Key Criteria for Selecting a Managed Services Provider

DYNAMIC QUEST WHITEPAPER SERIES

Nine Key Criteria for Selecting a Managed Services Provider

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HOW CAN YOUR BUSINESS KEEP A COMPETITIVE ADVANTAGE?

It's a tough question.

In today's 24/7 global economy, challenges like shrinking budgets, security threats, and rapidly changing technology make it difficult for companies to keep up, much less stay on the cutting edge.

In this paper, we will first give an overview of exactly how managed services providers (MSPs) can help businesses tackle these problems and stay ahead of their competition, while keeping costs in check. We will then present a guide to choosing the best possible MSP, drawing on established industry benchmarks.

FOUR FOCUS AREAS FOR TODAY'S CIO

There are four key areas that companies need to focus on to manage their technology and maintain a competitive advantage:

1. They need to keep their data secure.
2. They need to manage the complexity of their tech.
3. They need to stay ahead of any threats or outages.
4. They need to do it all at a predictable and managed cost.

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It's a tall order, and it's often easier said than done. Organizations that aim to excel at the first three tend to fail at the fourth (cost control). Those that succeed in keeping costs low often fail to keep their networks secure and up-to-date.

For many forward-thinking businesses, the answer to this conundrum is Managed Services.

With an MSP it is possible to have a stable IT environment *and* a stable budget. An MSP lets you focus on running your business instead of dealing with endless tech issues.

What Are Managed Services?

The managed services model meets a growing demand for technical support at a much lower cost. Generally speaking, managed services involves outsourcing some or all of your IT needs to a provider company (the MSP). The goal of a good MSP is to help your company get a handle on managing data security, tech complexity and system stability while at the same time holding down expenses. An MSP should create a strategy for your company that keeps it up and running, agile, and ahead of the competition.

MSPs typically offer their clients three strategic advantages:

Stability: tech stack operates with little or no interruption

Reliability: system is continually backed up

Predictability: the cost is predictable and therefore easier to budget

Other technical services may be included as well, offered as add-ons to contracts, or priced separately as one-offs or ongoing services.

Managed services give businesses a competitive advantage:

- ☑ Save money

- ☑ Eliminate IT worry

- ☑ Let staff focus on their core competencies

- ☑ Allow you to be flexible

- ☑ Approach tech with sound strategy

- ☑ Get instant access to a large, experienced team

- ☑ Recover quickly from a crisis

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How an MSP Saves You Money

Believe or not, investing in additional technology services can potentially *reduce* annual IT spend if you use the right strategy.

In 2011, The Computing Technology Industry Association (CTIA) polled organizations that used MSPs to see how their IT budgets had been impacted. Approximately 96% reported that they were spending less than when they managed their IT in-house. Of that number, nearly half (46%) reported that managed services reduced their annual IT budget by 25% or more… and 13% reported reductions of *50% or more.*

HOW IS THIS POSSIBLE? THREE REASONS.

1. MSPs give you the expertise you need at a fraction of the cost of hiring in-house.

Your monthly service fees will almost always total less than what you'd spend on the many specialized staff you'd hire in-house to match their capability. Hiring to cover the breadth of services an MSP offers incurs not only salary costs, but also human resource expenses like benefits and managerial overhead.

Hiring an MSP doesn't mean pink slips are on their way.

MSPs are very often paired with internal teams, who are freed up to focus on training, strategic initiatives and operational goals.

The day-to-day grind of fixes, patches and repairs exhausts the bandwidth IT staff typically have at their disposal. They often don't have the time to plan projects or get training on the ceaseless flow of new technology.

With a good MSP taking care of the routine tasks, your internal team can put their best thinking to work on setting and reaching strategic goals.

Expertise of 3 employees

Expertise of your MSP team

2. MSPs focus on proactive rather than reactive maintenance.

Downtime is expensive. Internal IT people know this, of course, and they want to prevent it, but they are usually overtaxed and struggle to find time to perform the analysis and planning that can head off system failures. With the help of proactive maintenance by a reliable MSP, companies minimize the risk of costly downtime.

3. MSPs can recommend the best tools and strategies to help you be more productive.

A well-staffed MSP offers a breadth of experience that is almost impossible to maintain in-house, except in the largest firms. The staff of even a small to midsized MSP have likely worked on thousands of other systems at hundreds of client facilities. If they're any good, they should know a lot about what will work best for your application.

CONTRACTING WITH A MANAGED SERVICE PROVIDER IS IDEAL FOR EMPLOYERS AND EMPLOYEES.

- ☑ MSPs fill the gaps in your current team's skill set.
- ☑ MSPs help you strategize and alert you to opportunities you may have missed.
- ☑ Your MSP will never call in sick.
- ☑ Employees sometimes quit. A good MSP is with you for the long haul.
- ☑ You'll sleep better knowing you're completely supported 24/7/365.

Cost Savings With Managed Services

0% difference — 4%
50% or more savings — 13%
50% — **1-24%** savings
33%
25% or more savings
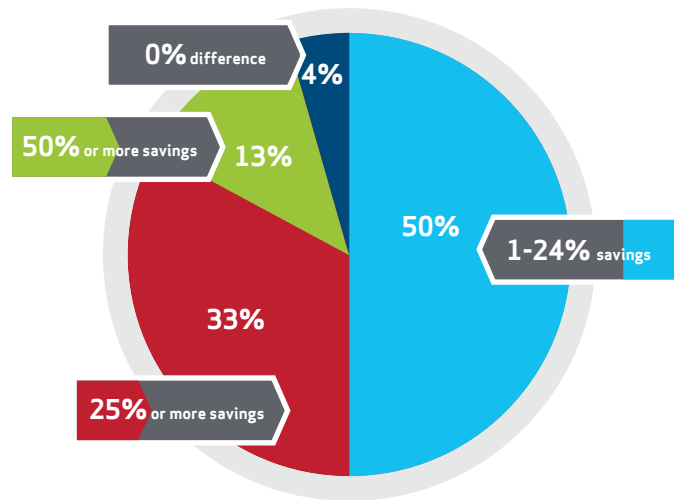
Source: 96% of organizations polled in a 2011 CompTIA study reported that using MSPs for some or all of their IT needs reduced their annual IT costs.

How an MSP Takes the Edge Off VUCA

You probably already know VUCA, even if you haven't heard of the term.

VUCA stands for **Volatility, Uncertainty, Complexity and Ambiguity**—and it represents the "It's crazy out there!" feeling we have about threats beyond our control.

For business owners and CIOs, VUCA is more than a buzzword. It's real and it's especially relevant to the IT space, where rapid increases in technology capacity, capability and performance bring benefits but also overwhelming complexity. Not only is IT the business area in which stakeholders often feel the most unsure, but the technology decisions that they make today will impact their companies for years to come.

The key to managing VUCA is knowing that where there are risks, there is also opportunity. When you surround yourself with experts and strategists, you give yourself the tools to turn volatility into vision, uncertainty into understanding, complexity into clarity, and ambiguity into agility.

Managed Services provide business owners and CIOs on-demand advice, strategy and the capability to protect against "unknown unknowns."

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The Two Types of Managed Services

Managed service plans typically come in one of two varieties:

CUSTOM PLANS

This first kind of plan is tailored like an Italian suit—it fits perfectly but is much higher priced. This is the sort of custom service you might receive from mammoth providers and consultants, who mainly service large, global clients with enormous IT environments. While companies of this size and scope are willing to shell out for a high level of customization, most small- to medium-sized companies will get everything they need from a cost-controlled MSP plan.

STANDARD PLANS

Every organization has common technical elements that need attention: hardware support, application support, upgrades, patches, planning, security, backups, and responsive break/fix support. These are the core elements of managed services: a good dose of tactical work, preventative maintenance, and proactive monitoring and consultation.

The beauty of this configuration is that the customer receives standardized services honed to a high level of both efficiency and effectiveness. As soon as you say go, MSP support teams can implement best practices and monitoring like clockwork. It's broad coverage, seamlessly administered.

But while most business need all of the above IT services, they sometimes need more. They might require custom development, help with virtualization, or guidance in upgrading server capacity. That's why it's important to select a provider with a good standard plan as well as the added capability to handle less routine projects.

COST

Custom

Standard

FLEXIBILITY
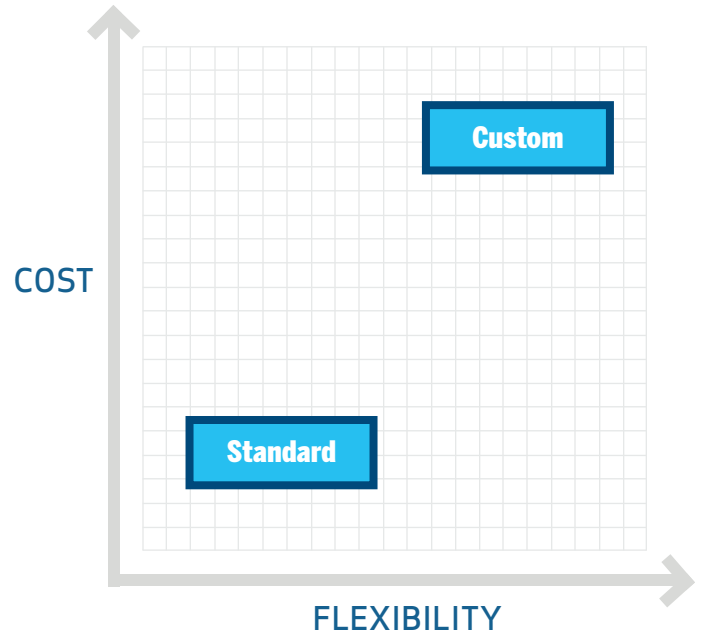
The difference between proactive and reactive maintenance

Proactive maintenance is the opposite of reactive support. The aim of proactive maintenance is to keep environments running optimally rather than waiting for something to break, which is the hallmark of the reactive support model.

As informed and intelligent professionals, we recognize that things can and will go wrong with technology. The lesson for MSPs and businesses is to embrace a proactive maintenance model that can address potential issues before they become real problems. The sooner you can identify issues, the faster you can address them before they become emergencies. (And the more stable and profitable your business will become!)

SELECTION CRITERIA

The truth is not all MSPs are created equal. So how do you know which MSP is right for your company? We've compiled nine essential criteria that you can use to evaluate which providers are solid and which fizzle.

Solid Strategy ①

DOES THE MSP WHO'S GETTING YOUR BUSINESS REALLY GET YOUR BUSINESS?

Creating a secure and stable IT environment begins with solid planning. But the biggest challenge internal teams face is their ability to be strategic while dealing with daily maintenance chores.

Teams that jump from one break/fix issue to another fall into a vicious cycle leaving no room for strategic growth activities. They miss training opportunities and lose perspective on industry trends. They risk being so focused on today that they can't think about tomorrow.

The key is approaching your tech environment with solid strategy. By taking the time to learn your core business, a good MSP will develop preventative maintenance strategies that are appropriate for your business needs.

If you're considering a particular MSP, ask about what you can expect from account management, particularly in the early discovery phase. A good MSP is part tech army and part business consultant. They will have a formalized account management process that includes regular consultative review. By getting to know your business inside out, the MSP experts can apply what they already know about the industry landscape to particular issues facing your company. They should know all there is to know about your technical assets and liabilities.

After a thorough review, a good portion of the MSP service plan should focus on preventative maintenance strategies that are appropriate for your business needs and ongoing strategic reviews to ensure your business stays headed in the right direction.

Look for MSPs that offer:

- ☑ Technology reviews
- ☑ Business needs analysis
- ☑ Best practice targeting
- ☑ Comprehensive reporting / health status
- ☑ Technology documentation
- ☑ Technology budget planning

"You've got to eat while you dream. You've got to deliver on short-range commitments, while you develop a long-range strategy and vision and implement it."

–Jack Welch, former chairman and CEO of General Electric

Hours and Location (2)

CAN THE MSP RESPOND IN PERSON WHEN YOU NEED THEM, AT ANY HOUR?

Technology doesn't sleep, and neither should your MSP. In our 24/7/365 world, you need a provider that will respond whenever trouble strikes, not just during business hours, and not just through remote assistance.

Ask your provider what sort of support you can expect to receive after hours and on holidays. If the answer comes with any asterisk or caveat, walk away and don't look back.

We recommend choosing a local MSP with an office that's convenient to yours (preferably no more than an hours' drive). When something goes wrong, you don't want to wait for a tech to drive all the way from Wollongong to get your servers back up and running.

Do you have multiple locations? Do you have people working remotely? If so, you'll want your provider to be in easy reach of all areas they may be responsible for servicing.

And if your MSP has multiple locations, too, then so much the better.

Digital Security (3)

IS THEIR CLOUD FULL OF HOLES?

Security is one of the top concerns for today's CIOs and IT staff.

These days, business doesn't happen in one office with a phone and a laptop; it happens across many dozens of connected workstations spread over multiple offices. This connectedness is an asset, but it comes with risk.

Each worker who accesses your secure servers remotely – whether from home or from Starbucks' public Wi-Fi – introduces a security risk. Each employee that accesses your secure server through personal devices or connects their personal devices to their company-provided computer incurs the same risk.

Smart business owners realize that digital attacks and data theft are very real and endanger not only your company and employee data, but also the personal and financial data of your customers.

Recovering from a cyber-attack is very costly in terms of time, money and reputation. Proactive efforts to limit exposure and protect potential gateways into your system reduce the risk of attack. With your MSP, the battle cry should be prevention, prevention, prevention! Make sure your Managed Services plan includes virus protection, system monitoring, and image-level recovery. This ensures that your users can continue to get the network access they need and the bad guys won't.

SECURITY STATISTICS

⚠ In 2014, **47%** percent of American adults had their personal information exposed by hackers
   —CNN.com via the Ponemon Institute

⚠ There were **1.5 million** monitored cyber attacks in the United States in 2013
   —IBM, "Security Services 2014 Cyber Security Intelligence Index"

⚠ Globally, cyber crime costs businesses **$375-$575 billion** per year and causes a net loss of up to **200,000** jobs in the U.S. alone
   —McAfee, "Net Losses: Estimating the Global Cost of Cybercrime"

⚠ **43 percent** of C-level executives say negligent insiders are the greatest threat to sensitive data
   —IBM, "Security Services 2014 Cyber Security Intelligence Index"

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Company Size, Age, and Retention (4)

CAN THEY KEEP A CLIENT HAPPY? IF SO, HOW LONG?

While you're running through your MSP's hard qualifications, be sure to ask about the size of their client pool and their annual retention rate.

Do their current clients stick around? This is a revealing clue to the breadth, quality and responsiveness of the service plans they offer. If others don't stay, you won't want to, either.

Also, find out what industries they serve — they may have served companies similar to yours and have advanced expertise on industry-specific applications, business goals and compliance requirements. But even if you're the first rubber band factory they've set foot in, a large enough MSP has seen enough tech environments to extrapolate what will work for you.

Keep in mind, there is such a thing as too small when it comes to an MSP. A bigger provider will have more resources available to serve your company. If the guy doing the work, answering the phone, and running the company is the same guy, it is a recipe for disaster. If power's off all over town, you don't want to get stuck waiting for service while all available resources are allocated to other clients.

Lastly, investigate the company's maturity. A company's age won't tell you the whole story (there are some great startups out there), but an older company comes with street cred. Companies that have been in the marketplace 10, 15, and 20 years have ironed out processes to limit inefficiencies and have likely grown their offerings along the way. In short, you don't make it 10-20 years if your business is doing shoddy work.

Industry Partnerships and Recognitions (5)

ARE THEY RECOGNIZED FOR THEIR GOOD WORK? DO THEY PARTNER WITH THE BEST COMPANIES?

Want to know a quick way to tell if an MSP is worth its salt? Look for the ones getting multiple high-fives from their peers.

Believe it or not, there are awards, clubs and elite groups for IT companies, and they recognize outstanding providers for delivering exceptional service.

BUSINESS ETHICS
PREMIUM QUALITY
AWARD WINNER

While plaques and trophies obviously don't tell the whole story, providers with more accolades are more likely to provide higher quality service and care to your technology needs. Competition is fierce and prestigious awards go to the best and brightest. In addition to awards, see if the MSP you are considering is mentioned in business or technology journals.

> "Don't work for recognition, but do work worthy of recognition."
>
> – H. Jackson Brown, Jr., author

Finally, look for key industry-leader partnerships and certifications. If the MSP you are evaluating will be supporting a Cisco system, see if they are a Cisco Select Certified Partner or if they can claim technical staff certifications for Cisco CCNA, CCNP, CCDA, etc. The same holds true for most major technology hardware, system or software providers.

Evolving Skill Set (6)

THE SKILLS YOUR TECHS LEARN IN THE TIME SINCE SCHOOL ARE MORE VALUABLE THAN THE THINGS THEY LEARNED IN SCHOOL.

Intel co-founder Gordon Moore famously set forth Moore's law stating that technology performance increases at an exponential rate versus time, and his formulation has held true for decades. With developments coming at this breakneck pace, IT staff needs generous amounts of time to keep up.

> "Learning is not attained by chance, it must be sought for with ardor and attended to with diligence."
>
> – Abagail Adams, First Lady – Adams Administration

Good MSPs have ongoing training and certification programs to keep their staff on the cutting edge. Because their pool of resources is large, they can afford for each employee to spend time acquiring more skills and honing areas of expertise in addition to doing client work.

When comparing MSPs, look for companies that strive to be on the cutting edge and offer advanced services through clear policies and internal programs that support staff growth and development. Ask how they invest in their employees' continual learning and certification. Ask what's next in the industry. You may not need advanced or emerging skills at the moment, but you'll be glad you picked a partner that cares about and invests in them as a standard practice.

Customer Service (7)

ARE THEIR WORKERS THE KIND OF FOLKS YOU'D PUT ON YOUR OWN PAYROLL?

The importance of the quality and responsiveness of your MSP's staff cannot be overstated. Before signing on with an MSP, ask for a conversation with not only account management staff, but also support personnel such as help desk or call center staff and tech support. Get a sense of how well they communicate and how eager they are to provide timely support. If possible, have the MSP provide testimonials and a sample set of redacted client satisfaction survey responses so that you can see first-hand how existing clients feel about the service they're getting.

You want to make sure the people on the MSP staff are the kind that you would be proud to put on your own payroll. The goal is to determine if the tech support and call center staff you'll be working with (sometimes in high-stress situations) can deliver prompt, expert, reliable support with a smile. You're looking for people who are kind and polite; who work diligently and don't get frustrated; who don't leave until a problem is resolved.

> "Every single person in every single company is either in service or affects service."
>
> – Jeffrey Gitomer, Sales and Service Thought Leader

This may be something that's difficult to measure, but see if the MSP has a special recognition program in place for outstanding employees or posts testimonials about the MSP staff from the clients they serve. If all else fails, spend a bit of time walking the halls and soaking in the corporate culture. You can learn a lot from spending fifteen minutes strolling around.

Crisis Response & Project Management ⑧

YOUR MSP SHOULD RESPOND TO YOUR CRISIS LIKE THEY'RE EXPERIENCING THE PAIN THEMSELVES.

Management and crisis response are hugely important because the real test of an MSP's worth comes at 3AM when there's a leak over the server room and everything's gone dark. Better service providers include disaster recovery, or at a minimum a strong service-level agreement (SLA) for crisis or emergency response.

In addition, the maddening scenario of calling number after number to get someone to help is avoidable. Your MSP should provide a clear procedure and communication contact in the event of a crisis, whether that individual is your account manager, technical support lead, or emergency technical support contact.

Ultimately, if an MSP's service plan focuses only on break/fix support, you'd be wise to exercise caution. Look for service providers that include requirements and mechanisms to support file and image-level backup, options for disaster recovery, and a clear 24-hour emergency response SLA. Before signing on, have the service provider outline how crisis management and disaster recovery will play out for your business so you can be sure you're covered when the inevitable crisis occurs.

Does your MSP measure recovery time in minutes... or days?

63% of businesses measure their estimated recovery time after a disaster in days (rather than hours), with 29% reporting that a full return to operations would take 4 days or more.

TwinStrata (Industry Trends: Data Backup in 2014)

Monitoring, Tracking and Reporting

9

DOES YOUR SERVICE INCLUDE MONITORING AND REPORTS ON YOUR SYSTEM'S HEALTH?

MSPs are about making your systems more stable, your applications faster—but unless you can see a consistent data-supported reduction in break/fix help tickets or documented faster speeds, how can you be certain you're getting what you're paying for?

Make your MSP prove its worth. A good one should be continually monitoring your system, tracking performance and carrying out thorough analyses. They should communicate findings with you regularly, providing clear evaluations and recommendations.

Look for measures around break/fix ticket volume, response time, downtime and spin-up time. Ask about server capacity, speed, pipeline volume, and irregularities therein. Reports should attest to a stable, continually improving IT environment. It goes without saying that the trend line should be moving in a positive direction! Too many dips and you'll know when it's time to start swinging axes.

Monthly reporting will further help in planning necessary future projects, setting performance benchmarks and holding your MSP accountable for delivering superior, streamlined service.

> "If you can't measure something, you can't understand it. If you can't understand it, you can't control it. If you can't control it, you can't improve it."
>
> – H. James Harrington, IBM Quality Expert
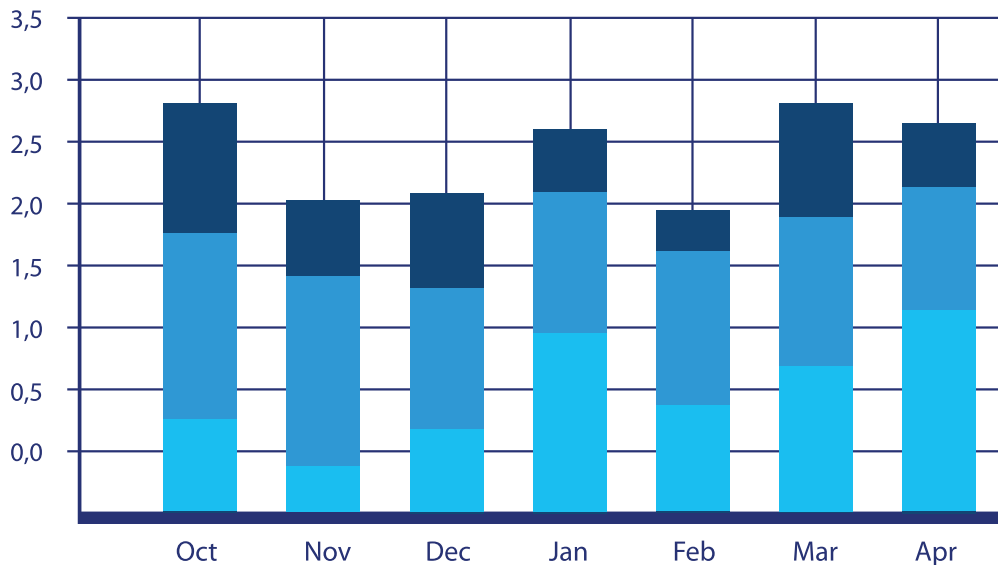
COMPOUND LATENCY REPORT

About Dynamic Quest

Dynamic Quest is one of North Carolina's largest full-service business IT companies, providing a host of technology services to its customers throughout the southeastern United States. Services include managed IT services; 24/7/365 unlimited help desk; backup and disaster recovery solutions; cloud, virtualization and data center services; hardware and software procurement; and strategic consultation, assessment, and planning.

Founded in 2000, Dynamic Quest has maintained a 30% annual growth rate for the last ten years. The company employs more than 100 experienced staff, and maintains a 99.5% retention rate among its more than 650 active accounts.

Dynamic Quest has enjoyed great success due to a wide breadth of services, flexibility in responding to client needs, and a focus on proactive strategic support.

Dynamic Quest is SSAE16 Type II Certified, and maintains certified strategic partnerships with companies such as Dell, Microsoft, and Cisco, among many others.

Dynamic Quest has been recognized as one of the 50 Most Promising IT Services Companies of 2014 by CIO Review, on the 2015 Pioneer 250 list for CRN, and five-time Fast 50 award winner, among other awards and recognitions.

Certifications and Capabilities

- Cloud Migration & Management
- Business Intelligence (BI)
- Data Analytics & Custom Reporting
- Disaster Recovery & Business Continuity
- IAAS (Infrastructure As A Service)
- Network Security
- Unified Threat Management
- Managed Services
- Managed Backup
- Microsoft® Sharepoint
- Microsoft® Lync
- Hardware Sales
- Storage, Servers, & Networking
- 24/7/365 Helpdesk
- Client/Desktop Virtualization & Data
- Migration
- VDS & Terminal Services
- Microsoft® & Hyper-V
- Microsoft® Office 365
- Microsoft® Exchange
- Microsoft® Active Directory
- Microsoft® Windows Server OS
- Microsoft® Windows Desktop OS
- SQL & Relational Database Management
- Data Security & Protection
- Dell® SonicWall
- Dell® Wyse
- Dell® KACE
- VMWare®
- Linux®
- Oracle®
- Cisco®
- Citrix®
- VoIP
- Mac OS & iOS
- SSAE16 Type II Certified

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