

# How Managed Services Enables Small and Medium Businesses

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## How Managed Services Enables SMBs

### Overview

Like every business that wants to succeed, small and medium businesses (SMBs) want to reduce costs, improve their responsiveness to the market place, and focus their resources on their primary business. Usually they don't have enough time or money to support complex Information Technology (IT) environments effectively. Managed Services, where an expert provider assumes the responsibility for a portion of the customer's technology management tasks, are growing in popularity.

A recent Ziff Davis Enterprise survey shows that managed services deliver substantial benefits to SMBs, including predictable and recurring cost structures, increased reliability and availability, improved service levels, and lower costs. The results also show that SMBs currently using or considering managed services are less concerned about routine, day-to-day operations and more focused on productivity, agility, and strategic growth.

SMBs considering managed services should partner with an expert managed services provider that delivers comprehensive and powerful automated IT management. This leaves the SMB more resources to devote to its business which is its area of expertise.

### Introduction

Small and medium businesses are faced with the same competitive pressures and operational concerns as larger organizations. They stay ahead of the competition by differentiating their offerings while keeping costs down. Smaller companies can be responsive to customers desires because their dedicated employees often work hard and do whatever is needed. It's not unusual to have a small business owner selling, providing customer service, managing one or more projects, and developing new business all in the same day. SMBs rely on technology to provide communications, task management, and business operations. The systems they use must be as versatile and reliable as they are.

SMBs can thrive when they fill a particular need well, but this requires significant resources for day-to-day operations. Large enterprises have IT departments with on-call technicians, helpdesk representatives, and a vast support system for end users. SMBs don't have the luxury of a expert, comprehensive staff. The "network administrator" may have to be a "Jack of all trades" (master of none), and the company may have to rely on outside organizations to supplement his or her knowledge and time constraints.

As competitive and regulatory pressure grow and technology gets more complex, the current method of SMB technology support is inefficient, diverting key resources from achieving important tasks. For this reason, managed services have been growing steadily in popularity among companies of all sizes. Offloading technology support to expert Managed Service Providers (MSPs) enables a company to focus on innovation and becoming more efficient as a business. The MSP may deliver support for some or all day-to-day IT tasks, and SMBs receive significant benefits.

When an SMB utilizes managed services, it trades unpredictable, reactive, and often costly IT services for a budgetable cost. It trades frantic in-house troubleshooting for proactive, high-quality, expert support and best-of-breed management tools. Even more important, the MSP continually monitors network performance and can prevent problems from happening and minimize service interruptions. When issues arise, the MSP has the dedicated expertise to address them quickly. This leads to increased availability and uptime for the customer's applications and infrastructure, and thus more efficient and reliable operations.

To gain deeper insight into the benefits realized by SMBs that have adopted managed services, Ziff Davis Enterprise conducted a survey of 221 small to midsize organizations. The respondents were grouped by those that had adopted or are planning to adopt managed services and those that reported no plans.



The survey findings compare SMBs that use managed services against those that don't, show the concerns both groups have, and the benefits to be received from partnering with an MSP.

### SURVEY FINDINGS

Ziff Davis surveyed 221 companies with 10-249 employees. One-third of the respondents are using or planning to use managed services; the rest are not. The survey goals included identifying differences in operational efficiency and outlook, and documenting SMB's concerns and expectations.

#### Common IT Management Tasks

To get a clear understanding of the common IT management tasks on our respondents' to-do lists, we asked which activities they routinely engage in.

Anti-Virus	91%
Data Backup	89%
Help Desk/Technical Support	72%
Windows Patching	71%
Remote Systems Administration	71%
Systems Monitoring	68%
PC Audit	38%
PC Discovery	21%

#### *Common IT Systems Management Tasks*

The vast majority of the companies perform antivirus and backup tasks, indicating the importance of security, business continuity, and data loss prevention — even among smaller organizations. The activities for Help desk and tech support, Window's patching, remote administration, and monitoring are on about 70% of the respondents to-do lists. This indicates most companies have staff dedicated to these areas of routine network management. These activities can be time-consuming and labor-intensive; most MSPs offer them as a normal part of their service agreement.

Audit and discovery tasks scored significantly lower, at 38 percent and 21 percent, respectively. These activities are associated more with larger companies that have distributed environments, multiple locations, and many devices. Smaller organizations may overlook audit and discovery services, but it's likely that they could benefit from inventorying their technology devices so those resources can be more effectively managed and future changes planned. MSPs often run an initial audit on a customer environment when setting up a service contract, but ongoing device monitoring may not be included in some of their service offerings.

In fact, network and device audits represent a positive side effect of managed services, because the service provider's initial rollout involves a thorough inventory of the customer's devices. This can reveal unauthorized equipment, identify outdated or unnecessary hardware, and help streamline application licensing efforts. The benefits of significantly reduced costs and greater efficiency will be discussed in more detail later.



### Who's Embracing Managed Services?

Of the 221 businesses surveyed, approximately one-third are using or planning to use managed services:

<u>Number of Employees</u>	<u>Implemented or Planning to Implement Managed Services</u>
10 – 49	44%
50 – 99	35%
100 - 249	31%

*Managed Service Adoption Based on Company Size*

It's interesting that a higher percentage of smaller businesses use Managed Services. It may be that smaller companies are more concerned about maximizing the productivity and efficiency of each worker and have the least amount of resources to spare for supporting technology.

### Positive Results for MSP Customers

We now move to results that illustrate clearly the differences between companies that have already adopted managed services versus those that have not. We asked the respondents to rate their level of concern about their computers and systems meeting business requirements in 2008.

#### *SMBs that were "Very or Somewhat Concerned":*

Currently Using Managed Services:	53%
Evaluating/Planning Managed Services:	79%

### Partnering with a Managed Services Provider Allays Concerns

Among companies that are considering managed services, nearly 80 percent said they were very or somewhat concerned. Among companies that already adopted managed services, that number falls to 53 percent. In other words, once an SMB partners with a managed services provider, it's less worried about system capabilities and business readiness. The MSP shoulders day-to-day management tasks and ensures that the customer's infrastructure is running smoothly and efficiently, thus alleviating concerns about outgrowing IT capability. In fact, the survey found SMBs that use managed services are twice as likely to report that the overall quality of their systems environment exceeds expectations. We'll discuss that later as well.

Conversely, SMBs that are not working with managed services providers are legitimately concerned about their equipment and its ability to sustain the business. With limited staff and budget resources, the continuous and smooth operation of an SMB network is partly a matter of skill and partly a matter of luck. Malware attacks, application incompatibilities, human error, and end-user device malfunctions can strike at any time, and they can bring a small company's operations to a screeching halt if they're not detected, contained, and remediated quickly.

### How Do Concerns Differ?

Delving even deeper into the differences between companies that have or are considering MSP agreements and those that are not, we see several interesting gaps in the answers to more detailed questions about IT performance issues and how critical they are to the company's goals.



<b>% of Respondents Who Answered “Highly Critical or Critical” about:</b>	<b><u>Managed Services status:</u></b>	
	<b><u>Currently Using</u></b>	<b><u>Evaluating/Planning</u></b>
Systems Uptime or Availability	91%	87%
Mean Time Between Failure/Interruption	85%	73%
Overall Quality of Network	85%	84%
IT Contribution to Company Goals	82%	73%
PC Maintenance Expenses/Cost	57%	45%

*How Critical Is Network Performance?*

While both sets of respondents agree that systems availability and overall quality are critical for smooth operations, there is a significant gap when considering the frequency of failures and service interruptions. Companies that partner with MSPs have realized that fewer failures and greater uptime lead directly to increased customer satisfaction and more business, whereas companies that are managing their IT systems in-house are less likely to view service interruptions as critical.

It’s also interesting to note the almost 10% gap in “IT Contribution to Company Goals.” This reflects an increasingly important trend among companies — aligning business & IT objectives. Across the corporate world, it’s becoming clear that successful and forward-thinking organizations are moving from the IT-as-expense mentality toward mapping specific IT services and performance requirements to the business units and activities they support. For example, when a company realizes that faster, more reliable networks contribute directly to improved customer response and more sales, they’re more likely to invest in their IT infrastructures. The difference in response shows SMBs that are adopting managed services to be more in tune with IT contributing to increased revenue and profitability.

Another important difference is the relative level of importance attributed to costs:

- SMBs are more interested in making sure the business runs smoothly than just arbitrarily “cutting costs”. Companies will spend money to improve their overall profitability. Bargain-basement equipment and service providers (competing just on cost) will not do well with profit and service oriented SMBs.
- SMBs already using managed services are more likely to consider costs a critical factor to their operations because of the benefits of predictable, recurring costs compared to unpredictable costs that come from incident-based repair. Monthly or annual service provider fees can be calculated and incorporated into budgets, forecasts, and analysis; amortized over time; and measured against performance. Thus SMBs using managed services understand IT costs and relate them to other operational expenses and revenue.

**What’s On Your Mind?**

In addition to determining the critical nature of various IT issues, we attempted to discover what factors are discussed, and how often, among the respondent groups. What they talk about provides a picture of what’s important to SMB managers today. Some interesting differences appeared.



	<u>Managed Services status:</u>	
	<u>Currently Using</u>	<u>No Plans</u>
Reliability of IT Systems Infrastructure	47%	41%
Lowering and Controlling Costs	31%	20%
Data Availability	27%	41%
Data Security	27%	36%
Quality of Customer Service	27%	23%
Productivity Per Employee	18%	10%
Growth Management	14%	7%
Support for Achieving Sales Goals	5%	12%
Making Costs Predictable	2%	6%

*IT Issues Most Frequently Discussed*

The first notable split is with “Lowering and controlling costs.” Companies using managed services are more likely to discuss cost-control measures, mainly because they can. They’re not as concerned with day-to-day maintenance. Their IT expenditures are predictable and under control, and they have a better picture of their overall financial well-being. Only 20 percent of companies not using managed services are thinking about cost control regularly because it is less controllable.

The “because they can” factor comes into play when we look at the gaps in productivity and growth management, as well. SMBs that use managed services can focus on ‘big-picture’ business issues like

- Employee productivity — they have a solid picture of their IT and computing activities.
- Growth — a dependable provider helps them manage and scale their infrastructure.

Even more differences appear when considering availability and security. SMBs that don’t use managed services are significantly more likely to be discussing technology critical issues, while organizations that do use managed services can rest assured that their MSP provides improved service levels, network protection, and uptime.

**Benefits of Managed Services**

The increased sense of security and confidence, coupled with an increased focus on long-term growth and operational efficiency, sets SMBs that use managed services apart from their peers. But managed services provide many more benefits. Companies using or planning to use managed services find it

- Provides a more predictable cost structure
- Increases reliability
- Provides improved service
- Is less expensive (especially when compared to in-house IT management)
- Is difficult to acquire from traditional service providers

Another survey result that helps showcase the benefits of managed services came from the question, “How well did the systems environment at your company meet or exceed expectations?” Again, companies that use



managed services report that their system availability and low interruption rates exceed expectations and twice as many report that the overall quality of their systems environment exceed expectations.

The overall message coming from these results is clear:

- Keeping systems running and avoiding downtime are the most critical issues facing SMB managers today
- Those who partner with MSPs have a far higher success rate at both

### **Managed IT Automation Is the Right Choice for SMBs**

When an SMB is ready to embrace managed services, PSSI is able to deliver a wide selection of services to meet each organization's needs. PSSI is the best choice for powerful IT management and automation solutions. PSSI delivers a comprehensive management suite that helps entire networks run smoothly. PSSI's powerful, Web-based IT Automation Framework includes:

- Remote desktop management and support
- Patch management
- User State Management
- Power Management
- Network monitoring and alerts
- Windows event monitoring and alerts
- Software deployment and updates
- Help desk
- Network policy enforcement
- Backup and disaster recovery
- Anti-virus and spyware detection
- Computer inventory / audit
- Integrated reports
- Fast and easy deployment
- Cross Platform Support (PC and Mac)

In addition, using PSSI to automate routine IT tasks helps companies reduce their energy consumption, conforming with 'green computing' initiatives that add money to the bottom line and are environmentally friendly. By automating IT processes and delivering comprehensive remote support capabilities, PSSI helps companies reduce their carbon footprints and avoid unnecessary travel.

To learn more about PSSI's comprehensive service offerings and start realizing the benefits of a solid MSP partnership, visit **[www.PSSI-us.com](http://www.PSSI-us.com)**.