



SELLING MANAGED SERVICES TO YOUR CLIENTS

The Break/Fix IT Model Is Broken

A break/fix IT service model is both unpredictable and unsustainable—for both service providers and their clients. Using this model, you're only aware of problems when your clients notice them, when issues become critical and require immediate attention. This lack of control and consistency prevents you from growing your business and providing the best service possible to your clients.



Resolving an IT issue when a trouble has already occurred is innately more difficult and costly than preventing these issues in the first place. And if your clients only need your skills when something goes wrong, they'll associate you with system failure and the hassle of business disruption. With the break/fix system, they have to first recognize there's a problem, then call you and arrange a time to fix it.

What some of your clients may not realize is that they're paying twice with break/fix—the obvious cost of your repairs and the costs that may be camouflaged—the downtime and the human resources spent resolving the issue instead of your clients focusing critical business functions. And the unpredictable nature of fee-for-service billing can strain cash flow.

With the break/fix model, you're spending your time fixing software that someone else is making money on, rather than proactively managing your business and your clients. If you rearrange your business model from a managed services perspective, you'll be able to take advantage of predictable, monthly revenue and provide better service to your clients.

Utilize Your Expert Status

To make the switch to managed services, you first have to establish yourself as a trusted advisor—not just as a repairman. By transitioning to a proactive delivery model, you're altering not only the way you do business, but your entire business philosophy.

With managed services, you're offering an authentic service instead of a reactive emergency resource. Explain to your clients that under the old model, breakdowns were incentivized—especially lengthy fixes that increased billable hours. With managed services model, your incentive is to keep your clients' business up and running with as little interruption as possible. Once your clients see that your new service delivery model allows you to have parallel motives instead of opposing objectives, they'll understand that it's mutually beneficial.

Adopting managed services also greatly improves your business efficiency. You can better predict your expenditures and prioritize your tasks easier. Especially if you utilize cloud services, you won't be onsite most of the time—you can manage and monitor remotely



from your office (or from anywhere else for that matter). So you'll save both time and money by cutting out your travel time.

But it's not enough to position that you're offering a higher or better level of service. You have to explain to your clients why it's a better option for them.

Most SMBs are willing to pay more for a predictable cost that they can budget for rather than erratic charges that might occur at any time for any amount. Plus, you have the skills and expertise to manage the systems and recognize inconsistencies and problems long before your clients can. You're saving money for your clients by preventing downtime and managing and resolving issues. Clients don't have the skill set to recognize or diagnose a problem. Plus they'll have greater peace of mind knowing that you're monitoring their systems, and they won't be caught off guard by a server crash or virus.



Managed Services Generates Predictable Revenue

Managed services make sense from a revenue generation standpoint as well as a service perspective. You get paid no matter what happens—whether it's nothing or if you have to update a plugin or monitor a backup. If you're good at what you do, then it's a very safe bet that your charges will far exceed your costs.

It's also important to remember that you don't have to flick a switch and make a complete change all at once—you can begin slowly with one or two services. One of the easiest tools to resell to clients is online backup and recovery, such as Intronis. Safer and much less expensive than onsite data storage methods, online backup is an easy sell to your clients. Every business needs to backup their data in a safe, secure, and recoverable manner, so the value you're adding to your clients' business is demonstrable and easy to explain.

Plus Intronis charges you a flat rate (no startup or licensing fees), so figuring out your projected profit is a simple calculation.

Your clients may need time to adjust to a new pricing structure and your new model of service, so start with a few clients with whom you have trusted relationships. Be sure that to leverage the value of proactive management: predictable costs for the client, less downtime (if any), regular updates and patches, and glitches solved before they become problems.



Positioning Managed Services to Your Clients

Your success hinges on your ability to be able to clearly explain the added value of managed services to your clients. If a customer doesn't understand what you bring to the table, they'll make a selection based solely on price. If you don't clearly state your value proposition, you run the risk of commoditizing your business. One way to increase your value is to offer strong add-ons to your services. These add-ons might include monitoring, restoration, data maintenance, and periodic business continuity testing.

Also, it's a good idea to generate a monthly executive summary to send to your clients. This makes the value you add apparent. Keep the reports at a high level (do not include an overabundance of detail), with numbers and percentages so that your service is quantifiable. Use graphs so clients can tell at a glance their network and other operations are functioning properly and that their investment in you is worth it. Especially because you'll be remotely managing most of your clients' systems (instead of making office calls), maintaining your relationship with your clients and staying front of mind is key to retaining and growing your business. Although one of the major cost savings of managed services is that the majority of your work can be handled remotely, be sure to schedule a few onsite visits per year to maintain your client relationship.

The most successful MSPs set the right expectations and don't undersell the value that they're providing. Transitioning to managed services from a break/fix model is a necessary step in the evolution of your IT business. Recognizing this now and beginning the transformation process in an organized, deliberate manner will put your business far ahead the rest of the pack.

