



Managed Services – The Competitive Advantage

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Managed Services presents an opportunity for companies to meet ever-changing technology needs and demands while more effectively managing costs.

More and more companies are successfully extending their use of Managed Services beyond traditional IT desktop, server and network support to encompass infrastructure, security, specialized enterprise system support, software and website development and many other options.

What is Managed Services?

Managed Services at its most straightforward definition is the assignment of a specific scope of duties to a third-party provider.

In a traditional IT Managed Services arrangement, a company hires a specialized service provider, or Managed Services Provider (MSP) to support and maintain desktop computers, servers and productivity software (like email and office applications) for a fixed monthly cost based on a predefined schedule and response commitment or Service Level Agreement (SLA).

When company employees have issues and need support, they contact the provider who in turn troubleshoots and fixes the issues. In the background, the service provider actively maintains, updates and patches the systems and software as required. The provider will also make recommendations and educate the company on relevant innovations, security and productivity advancements. For example, a provider managing Office 365 Administration may send out an email highlighting and providing resources on the latest Artificial Intelligence based Microsoft Excel feature, “Ideas”, which provides Excel users through a simple click of a button with visual summaries, trends, and patterns of their data. [1]

These highly specialized service providers often have strategically located centers near their customers to facilitate the support process although most services can be provided remotely. The best providers will often assign a dedicated cross-functional team, leverage the latest collaboration and communication tools including screen sharing, remote desktop services and utilize a support request system which can include a personalized website where company staff can refer to FAQ’s, How-To information, find answers and step by step instruction for many common questions as well as provide a vehicle to enter and check on the status of open requests. Direct support can also be requested via phone, live-chat, video conference or by completing a request form.

A report, published by Markets and Markets, highlights the popularity of Managed Services and demonstrates the current and expected growth trend, as companies large and small take advantage of this approach, “Managed Services Market Size is Expected to Grow from USD 180.5 Billion in 2018 to USD 282 Billion by 2023, at a CAGR of 9.3%”. [2]

Isn't that Outsourcing by another name?

While Outsourcing and Managed Services are very closely related and often overlap in benefit, they are not the same. The strategic, execution and contractual details are and should be different. The goal of utilizing an MSP is that they can deliver a service and manage some part of your business better than you can yourself. The important distinction is that Managed Services is management driven. The focus is on people, processes and tools and how they interact, react and support your business. A good MSP should function as an extension of your organization and integrate into your business. This contrasts with Outsourcing, which focuses on providing a specific business function less expensively without the close organizational integration and specialized strategic expertise and guidance function.

Why Managed Services Makes Sense?

Like any business decision, a careful strategic assessment is a must to determine if a Managed Services approach is a fit and to understand the impacts, opportunities and risks. In many situations, when migrating to a specialized provider, companies see significant quantitative and qualitative benefits. These can include:

- Fixed or near fixed costs
- Lower total cost
- Increased ability to allow leadership and employees to focus on business and strategic items
- Greater marketplace awareness as partners with technical expertise communicate trends early in an innovation or business cycle
- Built in competency for highly complex and changing technologies and compliance regulations
- Flexibility and access to specialized resources as needed
- Increased ability to scale as needed
- Increased ability to compete no matter the size of an organization
- Decreased human resources risk and overhead
- Specialized industry support
- Increased security

New Service Models and Offerings

This approach is now being successfully extended from traditional IT support to include highly specialized solution offerings based upon industry, function or need. The list includes:

- Infrastructure
- Platform
- Security and Compliance
- Device support and management
- Complex enterprise related systems (highlighted list)
 - Business Intelligence (BI)
 - Content Management System (CMS)
 - Enterprise Resource Planning (ERP)
 - Customer Relationship Management (CRM)
- Specific software packages
- Cloud and Hosting offerings including the full services lines of Microsoft Azure and Amazon AWS
- Software development, maintenance and support
- Artificial Intelligence and Data Science
- Quasi-technical functions like Search Engine Optimization (SEO) and Social Marketing

Service Model Spotlight - Managed Application Development and Support Services

In many companies, an area of significant investment and cost is software development and ongoing enhancement and maintenance lifecycles. Companies often struggle to control project and budget expenditures and many projects miss important deadlines. A recent survey from Innotas, highlighted in CIO Magazine, discovered that 55 percent of businesses experienced an IT project failure within the previous 12 months. [3]

There is frequently a tug of war and finger-pointing between business and technology teams as to who is to blame when overruns occur, and this cycle often does not end after the application is released. In addition, a different team or vendor often supports the application creating an immediate knowledge deficit and disconnect with the business team and end user or customer.

A solution that can help is Managed Application Development and Support Services. Under this arrangement, the provider typically agrees to provide development, enhancement and support for a software product, website or application up to a specific maximum hour timebox or threshold per month at a fixed cost.

The provider delivers a consistent yet flexible team with the right expertise and skill set to best meet strategic goals.

The company is in control of what is prioritized and re-prioritized based on both long-term and short-term business needs. In consultation with the provider, they determine the items that fit within the monthly timebox, usually allowing some percentage of the timebox for ongoing support and maintenance. Releases can be scheduled in accordance with any predefined cadence and can coincide with the monthly timebox or some other period. Typically, it works best if releases are monthly.

On a regular basis, usually twice a week at a minimum, the provider team meets with the Business Process Owner and discuss the progress of scheduled items, any issues and reviews real-time burndown or progress reports. Burndown reports are used to track the status of what is completed and what remains to be completed. Many providers provide on-demand access to these reports.

If the company wants to add additional items into a monthly timebox most agreements allow for pre-approved overages at pre-defined rates.

Over time the provider often builds out a knowledge repository of self-service information to help users solve many simple support requests, creating additional long-term savings.

A high-level visual representation of this process follows:

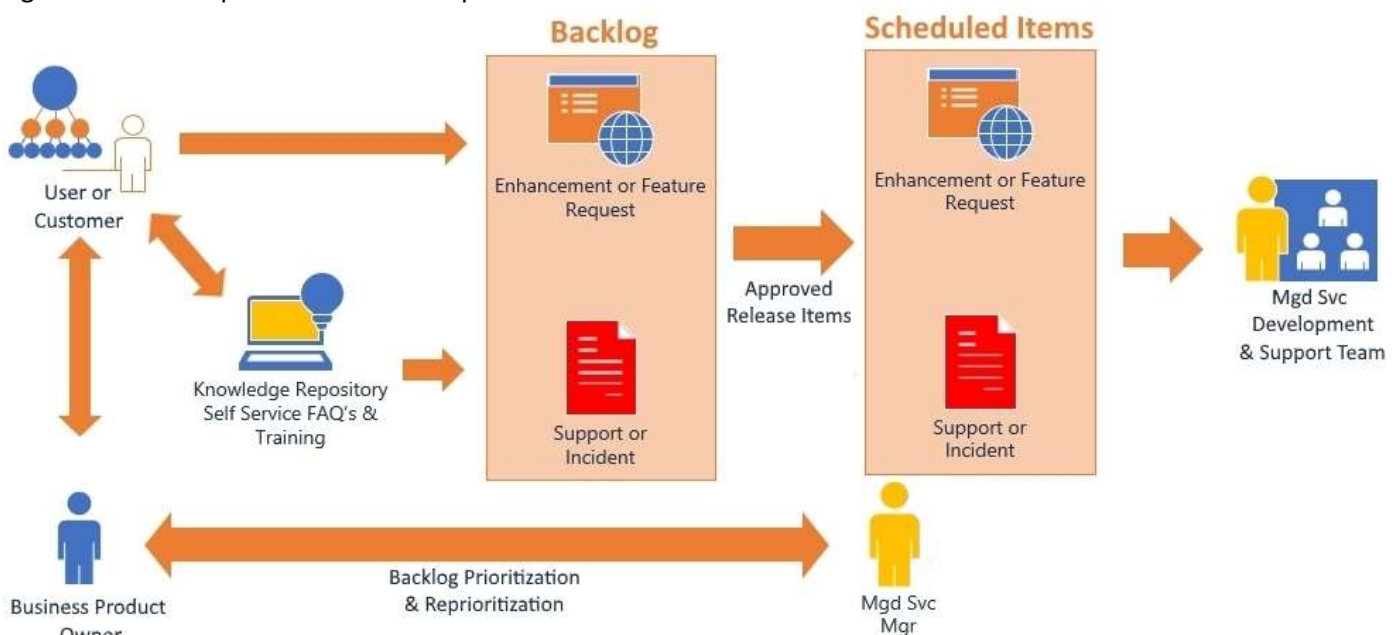


Figure 1

The main benefits of this approach include:

- The features and direction are often influenced and driven directly by the company's users or customers as the Business Product Owner makes strategic decisions about what to prioritize and what is important
- Incremental value reaches the user or customers' hands quicker which translates into greater satisfaction and revenue opportunities
- Budget and costs are clearly understood and controlled as expenditures have a predictable and planned stream with pre-built controls to determine when and how it is acceptable to exceed the agreed-on budget
- A single and straightforward agreement that does not require legal and purchasing staff to constantly negotiate and put together contracts for every new release
- Staffing and Human Resources stressors and risks are often mitigated, as a company no longer has the potential risk or impact of a key developer or team member leaving at a critical point
- Companies are not overstaffed with a bloated team that may not have constant demand or the right skills based on a new need or technology

Many will look at the visual representation in Figure 1, and think, that process looks Agile. Managed Application Development and Support Services is a close cousin of Agile Development and encompasses many of the same characteristics that have helped Agile revolutionize customer-focused software product development. The Harvard Business Review published a great article titled, "Embracing Agile" that highlights the features and benefits of Agile for those interested in learning more. [4]

Conclusion

Managed Services can transform a company and provide new opportunities and business models for meeting fast-changing technology needs and demands while more effectively managing costs. The Managed Services landscape is evolving to include more creative solutions beyond traditional IT support as providers offer new marketplace options.

References and Citations

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