



White paper

Top 10 Reasons Everyone wants to be an MSP

Managed services used to be like an exclusive club. Membership was generally reserved for a relatively small number of IT service providers who adopted managed services as a way to differentiate their business and create breakthrough value for their small to medium sized business (SMB) customers.

Times have changed. Customers demand more from ALL their vendors. Today, a managed service provider (MSPs) is just as likely to be, a value added reseller, a copier company, a telephony provider or an original equipment dealer (OED).

Why has managed services attracted so much attention? Based on our experience working with MSPs around the globe, we see ten major benefits that helps explain the stampede to managed services. Which of these has the greatest appeal really depends on your business priorities, customer base, and needs. Let's have a quick look.

1

New recurring revenue

Many people view managed services as a technology business that produces a recurring revenue stream. Customers view managed services as delivering IT availability, security, reliability and supporting their business goals.

Managed services is both.

The primary appeal to service providers is the ability to generate new, predictable, recurring revenue. This is really the heart of the managed services success story. Generating that new recurring revenue depends on a host of factors including the ability to offer a range of services, monitoring networks, protecting customer data, ransomware/malware prevention, back-up and disaster recovery, content filtering and much more.

2

New profit opportunities

The ability to generate new recurring revenue goes hand-in-hand with new profit opportunities. When you add any new service that is centrally monitored and managed, you create revenue streams via cost-effective delivery – resulting in net incremental profit. Whether that service is antivirus, back-up, content filtering or something else, you are creating a new profit opportunity for your business.

Profit is optimized by how you provide managed services. MSPs that leverage automated remote monitoring and management (RMM) software to provision services to SMBs do so both cost-effectively and efficiently resulting in greater profitability.

By automating the provision of routine IT tasks – such as patch management, defrags, software updates – you are able to monitor and manage more devices per IT technician. The ability to centrally manage through a single pane of glass creates critical efficiency which translates into profit optimized service delivery and the potential to put double digit operating income to your bottom line.

Additionally, the Managed Services approach of taking overall IT responsibility allows the MSP to offer a broader range of services more cost-effectively. Higher value to the customer at cost-effective delivery means higher profits to the MSP.





3

Steady growth

In an economy characterized by consolidation through mergers and acquisitions and lack luster growth, managed services has bucked the dull if not gloomy trend and thrived. Fueled in part by a strong demand for technology and a desire by SMBs to outsource non-core functions, such as network and IT management, managed services has enjoyed steady growth even during the roughest patch of the last recession. Who doesn't like to hitch their wagon to a rising star?

4

Leverage customer relationships

Managed services enables MSPs to leverage customer relationships in a way that is almost unique. This follows from the fact that unlike most business, managed services uses an RMM platform, like AVG's Managed Workplace® solution. This allows you to quickly and easily capture a wealth of real-time business data on a customer's network and IT environment.

When this data is analyzed and presented to clients using a variety of easy to read performance reports, you are able to point out potential issues and make a number of ongoing IT recommendations that will better serve your customers' business goals – while generating new product and service sales opportunities for your managed services business.

5

Diversify services and revenue streams

For IT Service Providers, VARs, VoIP providers, copier dealers and other OEDs, managed services provide an important way to match, if not exceed, the revenue generated from traditional hardware sales. As a managed service provider, you are providing recommendations on technology, helping your customer develop and manage a budget, and you are involved with all new technology decisions going into your customer's environment. This results in a new revenue stream of 'project work'; designing a network, upgrading hardware, software and data migration etc. That results in a win/win scenario with managed services leading to service diversification, and new revenue.

6

Increase value to customers

Whether you are an IT provider today or a VAR or OED, managed services is an important opportunity to become more valuable, if not indispensable to your SMB customers. In many cases the IT infrastructure is mission critical to their ability to provide services or products and generate revenue. Any downtime in their network or device enablement is a significant problem that can threaten profitability – and in some cases survivability.

Through the provision of managed services, an MSP takes responsibility and shifts the focus to maximizing uptime on a proactive basis and becomes a "trusted advisor" or virtual CIO: the "go to expert" on all matters related to the IT infrastructure. The rising threats from Ransomware and other types of malware require proactive planning and a comprehensive defense presenting an opportunity for MSPs to broaden their offerings with a fuller service package.

7

Avoid commoditization (and leaving money on the table)

When customers have choices and can see little difference in the products offered commoditization results.

Inevitably competitors slash prices and begin a slow spiral that eventually brings margins to the brink of zero. Managed services offers any hardware based provider – such as copier dealers, VoIP providers, OEDs – with a proven off-ramp from the me-too commoditization trap and race to zero margins.

Where margins from hardware revenue continue to decline, managed services provides new revenue from data services, NOC + Help Desk, AV, content filtering, ongoing network support, project work and other higher value services. So instead of restricting their business to the sale of commoditized network, phone, and office equipment gear, more companies are seizing the opportunity to equip and manage the full network. In so doing, they create new customer value, important differentiation – and they avoid commoditization.

8

Improved business valuation

The key to a healthy business valuation is the ability to show a steady stream of recurring revenue. This is exactly what managed services is all about. To generate recurring revenue from all customers requires the ability to migrate customers from reactive, break-fix service models to fixed-fee contracts.

Managed services enables you to do this by selling products and services to SMB customers on a proactive monthly basis. This includes back up, antivirus, content filtering, assessments, and many others. When these and other individual services are provided to customers as part of a planned monthly contract – rather than waiting for the phone to ring with the next unpredictable IT crisis to occur – you enjoy predictable revenue, which leads to better business valuation. Your customers enjoy predictable fees for IT services, generally provided at a lower price, and increased productivity from network uptime.

9

Differentiate your business

Adding managed services to any hardware or equipment based business immediately provides a new source of revenue. It also differentiates a business from companies that can't assume responsibility for a customer's network – from the phone system or office equipment right to the server. As such, adding managed services creates a line that separates those who can or can't deliver an integrated set of high value services to ensure an optimized network environment. Which side of the line is your business on?



10

Own the network

Few SMBs want the complication and expense that comes from internally managing the technology, hardware and software required to run their business. They need to simplify and focus on their core business. Increasingly VARs, VoIP companies, copier dealers, and OEDs are responding to this need by helping customers with their entire IT infrastructure and adding managed services to their business offering. Conversely, some MSPs are applying their IT outsourcing expertise to the VoIP space.

As a result, traditional turf lines between equipment sellers and service providers are blurred at best. There is a convergence underway with the customer network and IT infrastructure at the center.

The stakes have never been higher: whoever owns the network, owns the customer relationship. It is rapidly becoming a winner take all scenario with managed services being the key to owning the network.

About AVG Business by Avast

AVG Business by Avast delivers online software and services to secure data, devices and people. We offer a complete managed services solution that includes:

- AVG Managed Workplace® and AVG CloudCare™ – the industry's most comprehensive remote monitoring and management platform with advanced automation features for delivering on-premise and cloud-based solutions built on one technology platform.
- North American NOC and Help Desk – provisioned exclusively by knowledgeable professionals. Small and large MSPs alike trust these services to get the cost effective support they need.
- One company solution – all technology, services and support including first, second and third level tech support come from a single source, so there's no waiting – you get answers and the support you need when you need it
- Award winning technology – AVG Business by Avast has won countless awards for our technology and support including:

IT Europa Security Vendor of the Year April 2017

CRN 20 Coolest Cloud Security Vendors February 2016

CDM: Hot Company in Cloud Security Solutions 2016 February 2016

CRN 20 Coolest Endpoint Security Vendors March 2016

European IT & Software Excellence Awards – Security Vendor of the Year April 2016

Cybersecurity Excellence Awards April 2016

CRN Best Remote Monitoring and Management Vendor 2016

CRN Best AntiVirus Vendor 2016

CRN Best Security Suite Software Vendor 2016

and many others

- Industry leading business enablement services – our Partner Certification program provides all the training, tools and know-how to help develop winning go-to-market strategies for transitioning successfully to managed services and offering a profitable suite of revenue generating services in the shortest time possible.

