

10 Best Practices for Transitioning to a Managed Services Model

The managed services model brings solution providers recurring revenue, deeper client engagement, and greater business stability. But the transition requires careful planning and execution to avoid pitfalls such as underpricing services, picking the wrong technology, or failing to properly communicate the change to customers. In this roadmap, we outline 10 best practices for resellers to follow when transitioning to managed services—while keeping data protected throughout the process.

1

Build Your Menu: There is no magic switch to become an MSP. Companies that complete the transition find success by adding services gradually and methodically. Start with systems monitoring, for instance, then add endpoint security scans and patch management. Once you perfect these, you can add more services such as password management and data backup and recovery. Take lessons learned from each service launch to avoid future missteps.

2

Master the Revenue Model: Managed services rely on a recurring revenue model that creates a constant flow of income for the provider. But if you've operated in the feast-or-famine world of product deals and one-time projects, learning and implementing the new model can be a challenge. You'll need to study up on it to strike the right balance of delivering services at an affordable price while generating healthy margins.

3

Assess Your Skills: Selling services for long-term engagements requires a specific set of skills, which differ from the skills needed for product deals. You'll need sales professionals who can work under the new model. Likewise, your technical team may lack the right experience and certifications. You may have to retrain your staff. In some instances, you may have no choice but to replace some employees to obtain the necessary skills.

4

Pick a Vendor: When launching managed services, you want to partner with vendors with reliable technology. You can partner with a vendor that offers a standalone offering such as managed security services or contract with a remote monitoring and management (RMM) provider to create a basis for multiple services, including security. Whatever your approach, be sure to check each vendor's financial standing and track record of supporting partners.

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Get Customer Buy-in: To succeed in managed services, you need customer buy-in. It all starts with education: go over how you deliver services and how the preventative model benefits the client. For instance, you can make a strong case that 24-hour security monitoring vastly improves the safety of their data and networks. Also, be sure to explain your fee schedule and address any questions regarding support and how quickly you can respond to emergencies.

6

Weed Out Problem Customers: As you add services, you may have to drop unprofitable customers. You'll be better off cutting loose those who resist the managed services model or keep demanding additional services without having to pay extra. Unprofitable customers can be a drag on the whole business and can take up too many resources.

7

Market Your Services: Marketing is key to success because prospective customers won't know you exist unless you tell them. Create a brand for your managed services practice and direct the message toward the c-suite, rather than an IT audience. Marketing requires good communication, so consider launching a social media site, blog, or both to keep customers interested in your brand.

8

Migrate Customers Methodically: Create a methodical, well-defined process to switch customers to remote services. Make sure they know all the steps involved and what to expect. Ideally, your vendor offers self-administered licensing and easy integration, giving you greater control over the process. This is preferred over having to wait for the vendor to flip switches or issue new licenses whenever you onboard clients.

9

Transition Software Seamlessly: Keep software tools and application transitions as seamless as possible to avoid disrupting end users. Since you won't be deploying hardware, unless you have to replace obsolete equipment, a seamless transition should be no problem—with the right vendor partner. Allow customers to keep existing solutions, such as antivirus tools, until their licenses expire, then switch them to RMM-embedded tools.

10

Stay in Touch: Although managed services revolve around remote delivery, that doesn't mean you should disappear from the client's sight. Report to customers periodically on the work you're doing. For instance, if you stopped viruses from infecting their networks 10 times in the past month, make sure they know that. Also, take the opportunity to discuss with clients future strategies and upgrades to improve network performance and keep their data secure.

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