

WHY CHOOSE MANAGED IT SERVICES

Benefits to Consider for Your Business



A Business Case for **Managed IT Services**

Today's technology landscape is growing increasingly complex, yet the opportunities to drive greater business productivity utilizing technology are substantial. This environment has created numerous challenges for businesses of all sizes, but particularly for small and medium sized organizations who may not have access to the level of expertise they require.



Many are turning to Managed Service Providers (MSP) for help. MSPs are third party IT service providers that assume the responsibility of managing crucial IT infrastructure, offloading the responsibility from businesses who may not have the time or talent to do it themselves. These services are delivered by highly trained professionals and are typically billed on a subscription basis.

According to a Business Solutions Magazine survey, 50% of organizations use some form of managed IT services. This trend is expected to continue, with MarketsandMarkets forecasting that the managed service market will reach \$242 billion by the end of 2021.

grid4
communications®



Businesses that shift to managed services are enjoying a number of measurable benefits. This document will look at the quantifiable strategic and financial benefits of augmenting an existing IT team or moving IT management to a third party managed service provider.

Almost half of businesses cut their IT budget by 25% or more using an MSP

Reduced IT Costs

Organizations that have switched to managed IT services have seen dramatic savings in their direct IT spending. According to a survey conducted by CompTIA, 46% of respondents cut their IT budget by 25% or more with 13% of respondents cutting their budget by more than 50%. Half of the respondents realized savings that were less than 25%. Only 4% realized no savings. While IT budget reduction is still an important driver in adoption of managed services, it is no longer the primary benefit.

Improved Efficiency of IT Operations

The most often cited reason small businesses move to managed services is to improve the efficiency of IT operations. Whether your business has a dedicated IT professional or just a technically savvy employee that looks after your IT infrastructure, they are most likely overwhelmed.

Not only do they have to field coworker requests to support any number of new consumer grade apps and devices, but they need to ensure company data is secure and software updates are current. These individuals become a Jack of all trades yet a master of none. Every new request of technology requires a significant amount of research and self-education to deliver effectively.

Businesses that shift IT responsibilities to an MSP are seeing 40%-50% improvement in IT operational efficiencies



Businesses that are shifting IT responsibilities to a managed service provider are seeing 40%-50% improvements in IT operational efficiencies. Managed service providers are very proficient at executing routine tasks such as patching software, backing up data and monitoring systems. They have completed these chores many times across their client base, resulting in efficiencies they can pass on to each individual client, leveraging automation techniques where applicable.



Another reason MSPs improve operational efficiencies is because they are always available. No need to wait for the “IT” guy to get back from vacation or recover from the bug that’s spreading around the office. With a team of IT experts managing your infrastructure, IT responsibilities do not fall on one person and tasks don’t get relegated at the end of a long to-do list.

Better Allocation of Resources

While directing more cash to the bottom line is always a great thing for any business, when we dig deeper into the value of managed services, additional economic and strategic benefits emerge.

Managed IT services enable organizations to allocate their IT resources more effectively, unlocking greater value. How resources can be allocated better will depend on whether you employ a full-time IT manager, or IT responsibilities are only part of a full-time employee’s job description.

If you are employing a full-time IT manager, you need to consider whether you are getting the most out of that employee. Desktop technicians or other





A study conducted by
CompTIA found that proactive
monitoring can reduce the
cost of downtime by 50%

activities that can drive the delivery of your core value proposition. Expecting an employee with limited training and expertise in best practices to efficiently manage your computer system is asking a lot.

Reduced Downtime **Costs**

Data loss and system downtime is a huge issue for any company, but can be catastrophic for a small business. IDC research conducted a survey that found each system failure cost small businesses between \$82k and \$256k.

Additional studies found that between 73% and 80% of small businesses experience some downtime. While there are an endless number of reasons that systems go down, 80% of network outages are due to some change in the system. This could be from software updates, application of security patches, hardware upgrades or other.

If best practices are not followed when these changes occur, the risk of downtime is much greater. Consistently monitoring and backing up networks and data can reduce the costs of outages or data breaches. A study conducted by CompTIA found that proactive monitoring can reduce the cost of downtime by 50%.

By doing some simple math using the statistics above, let's assume the average cost of an outage is \$169k and the probability of an outage is 77%, we can expect to incur a \$130k hit from a network outage or data breach. By reducing this cost by 50%, we save \$65k which could mean the death or survival of a small business!

The break/fix model,
where you pay to fix
IT infrastructure when
it breaks, can be a real
anchor on
business growth



Businesses must continuously invest in technology to not only remain competitive but attract great employees

More Consistent **Fee Structure**

The subscription-based fee structure of managed services cannot only be a cost saver, but a benefit to strategic planning and growth. Things always seem to break at the worst time, and making changes to your network as you prepare to expand your business is no exception. The break/ fix model, where you pay to fix IT infrastructure when it breaks, can be a real anchor on growth, as receiving significant unexpected IT bills can kill any other investment plans. This also can create big cash flow issues and high borrowing costs.

Increased Opportunity **Costs**

While less measurable, lost opportunity costs created by distracted employees and owners is real. If owners are worried about whether their business is at risk of catastrophic failure or employees are pulled from their revenue producing activities, the effect on the bottom line can be significant. Do the latest stories of high profile data breaches trigger panicked software updates, or do slow systems or connectivity issues keep employees from focusing on their work? Small businesses already have a lot of hats to wear, and simplifying IT operations enables them to concentrate on their core competencies so they don't miss out on growth opportunities. If the distraction caused by managing technology outweighs the benefit, it can become a detriment. MSPs can reduce this distraction.

The rapid evolution of technology, including the cloud and mobile apps, has made companies much more nimble and productive. Employees have become accustomed to cutting edge technology and understand how it makes their jobs easier. Businesses must continuously invest in technology to not only remain competitive but also to attract great employees.



Summary | Benefits of Managed IT Services

- **Improved IT Efficiency**
 - Lower costs, lower risk and improved use of internal resources.
- **Reduced Outages**
 - Downtime, even for short periods, can be extremely painful.
- **Increased Productivity**
 - Happier, more engaged and productive employees.
- **Consistent OpEx**
 - Subscription-based fees enable improved budgetary planning.
- **Business Success**
 - The right technology choices drive business growth and profitability.

About Grid4

Grid4 is a trusted Managed IT and Carrier services provider that offers IT services and support to businesses of all types, building and maintaining infrastructure, securing networks, and providing strategic technology expertise. Our team of world-class talent genuinely cares about the relationships we build and understands that response and precision are fundamental keys to a successful partnership. Grid4's ultimate objective is to help our clients leverage their technology investments to improve their overall business performance.

Grid4's mission: *Building Trusted Lifelong Relationships.*

We Make IT Work!