



THE ROI OF PARTNERING WITH AN IT MANAGED SERVICE PROVIDER (MSP)



Business technology has undergone significant complexity growth over the past decade. Looking back just ten years, the IT infrastructure your company likely utilized was relatively straightforward. You may have operated a server in the basement, stored most documents in a shared drive, and received software updates via CD-ROM.

Fast forward to 2024, and corporate technology has evolved drastically. Much work is now conducted and stored online in the cloud. Remote work has become prevalent, and there has been an explosion in the use of apps and mobile devices, challenging traditional notions of the workplace.

Navigating this increased complexity is exceedingly difficult. This is where an IT-managed services provider (MSP) proves invaluable. But what exactly is an IT MSP, and how can they benefit your business?

What is an MSP?

An IT Managed Service Provider (MSP), as defined by Protected Harbor, is essentially "a third-party company that remotely manages a customer's information technology (IT) infrastructure and end-user systems." When you engage with an MSP, they support some or all aspects of managing your company's technology systems.

As business IT becomes increasingly complex, many companies struggle to fulfill all their technology needs internally, particularly smaller ones.

Although most companies today have a few staff members with decent tech knowledge, they often lack the capacity or expertise to address larger issues. Therefore, instead of hiring an entire in-house IT department, partnering with an MSP grants you access to the necessary support.

The MSP market is vast, with estimates suggesting well over 150,000 providers worldwide. They are widely utilized in various industries, with one analysis indicating that 83% of UK small and medium businesses already have ties with an IT MSP, even if they are unaware of it.

A Great Business Partner

A reputable Managed Service Provider (MSP) invests significant effort in comprehensively understanding the operational and business requirements of Small/Medium Businesses. This understanding allows them to effectively tailor their technology services to align with their client's core business objectives. The primary mission of an MSP is to ensure the seamless, productive, and reliable operation of your business over the long term. Due to this shared dedication to achieving success, Managed Service Providers are commonly regarded as true business partners.

BUSINESS PARTNER



What Services Do IT Managed Service Providers Offer?

In essence, an IT Managed Service Provider (MSP) is an outsourced IT department, handling all the tasks you would expect from a technical team. Each MSP has its specialization, which may include:

- Catering to specific industries (such as transport, finance, healthcare...)
- Expertise in specific technologies (like Amazon Web Services, Microsoft, Google...)
- Focus on specific IT functions (such as networking, cybersecurity...)
- Tailoring services to different customer sizes or types (for small companies, medium-sized companies, charity sector)



However, many IT MSPs are versatile and offer various services across various sectors and technologies.

The range of services an MSP provides is extensive, encompassing everything from helpdesk support and cloud migrations to app development, training, consultancy, cybersecurity, and beyond.

Benefits of Choosing an MSP for IT Support

Partnering with a Managed Service Provider (MSP) can yield numerous advantages, ranging from tangible cost savings to invaluable guidance and advice. Here are some key benefits of selecting an MSP:

BENEFITS OF AN MSP



1. Enhanced Return on Investment

Many firms report significant ROI when engaging with an MSP. Studies show that 50% of businesses saved between 1% and 24% on annual IT costs, while 33% achieved savings between 25% and 49%. Moreover, 13% reported savings exceeding 50%. These savings can be attributed to various factors, including avoiding the need to hire additional IT staff, optimizing spending, ensuring business continuity, renegotiating contracts with tech vendors, or implementing cost-effective software solutions.

2. Risk Management

A reputable MSP assists in addressing major tech risks confronting businesses, particularly in cybersecurity. They conduct comprehensive assessments of your security posture, identify vulnerabilities, enhance processes, and provide training. Additionally, MSPs offer guidance on adhering to rules and regulations like GDPR, mitigating the risk of fines and penalties.

3. Expert Advice and Information

MSPs serve as trusted advisors, offering tailored recommendations and insights to address specific challenges. Whether it's determining the optimal cloud environment for your organization, navigating the complexities of remote work, or staying abreast of emerging IT trends impacting your industry, a dependable MSP provides personalized, reliable, and unbiased advice to ensure your readiness for future developments.

4. Cost Savings Through Automation

Experienced MSPs leverage cutting-edge tools that automate many labor-intensive processes typically handled in-house. This automation significantly reduces a company's overall labor costs. Traditional break-fix or hourly labor models are labor-intensive and represent one of the most expensive operating costs within your IT infrastructure. MSPs operating on a flat fee, insurance-type model eliminate these hourly labor costs, resulting in substantial long-term savings for businesses. Moreover, the innovative tools provided by MSPs can drive significant productivity enhancements and help mitigate the risks associated with network failure, downtime, and data loss due to human error or other factors.

5. Proactive Service for Peace of Mind

Modern MSPs offer invaluable preventative services designed to identify and address threats before they escalate into major issues. A reputable Managed Service Provider proactively works to maintain the integrity and functionality of your technology infrastructure, rather than simply reacting to problems after they occur.

Examples of preventative services and tasks provided by MSPs include:

- 24/7 Network and Operating Systems Monitoring
- Remote Desktop Management and Support
- Predictable Management of Critical Patches and Software Updates
- IT Consulting and Productivity Consulting
- Implementation and Testing of Backup and Disaster Recovery Processes
- Enforcement of Network and Security Policies
- Updating Anti-Virus Software and Detecting Spyware



Considerations When Selecting an MSP for IT Support

Although many Managed Service Providers (MSPs) offer dependable and top-notch support, it's important to be mindful of certain factors:

1. Lack of Full Independence

Not all MSPs operate with complete independence. Some may have vested interests in promoting or upselling specific software licenses or hardware solutions. It's essential to ensure that your chosen MSP prioritizes your organization's best interests rather than external affiliations.

2. Varied Levels of Expertise

MSPs differ in terms of their expertise and capabilities. It's advisable to request contracts, evidence of qualifications, case studies, and other relevant documentation to verify an MSP's ability to deliver on its promises. This ensures that you partner with an MSP equipped to handle your specific IT requirements competently.

3. Differing Levels of Support

MSPs may offer varying levels of support, ranging from basic to comprehensive. It's crucial to ascertain whether an MSP possesses the in-house capabilities necessary to meet your organization's unique needs effectively. This ensures that you receive the level of support required to optimize your IT infrastructure and operations.



MSP FOR IT SUPPORT

Who Needs to Partner with an MSP for IT Support?

Given the increasing complexity of modern IT systems, nearly all organizations can derive advantages from collaborating with an MSP in some capacity. Even large enterprises with internal IT departments may require external assistance when implementing new systems.

However, MSPs are most commonly utilized by:

1. Small and Medium-Sized Enterprises (SMEs)

As SMEs expand, managing IT internally becomes less efficient. At a certain point, seeking outside assistance with planning, deployment, and management of various technology components becomes necessary. Fortunately, the return on investment for this external support is typically substantial.

2. Charities and Non-Profit Organizations

Many NGOs rely on MSPs for guidance, training, and technology delivery. Due to their limited budgets, NGOs often cannot afford the salaries demanded by IT professionals. Therefore, outsourcing IT support is a cost-effective strategy for them.

3. Government Entities, Councils, and Public Sector Organizations

Public sector organizations frequently enlist MSPs for IT support. Similar to NGOs, these entities struggle to match the salaries offered by private firms to permanent IT staff. Partnering with an MSP provides the same benefits at a more manageable cost and offers greater flexibility.

4. Start-ups

Start-ups stand to gain significantly from external support in establishing the appropriate infrastructure and foundations as they plan their growth trajectory.

Understanding the ROI of Your Managed Service Provider (MSP)

Managed services offer businesses numerous benefits, including enhanced security, improved efficiency, and cost savings. However, assessing the return on investment (ROI) of your MSP can be complex. Here's a comprehensive guide to measuring the ROI of your MSP.



1. Define Your Goals

Before evaluating the ROI of your MSP investment, it's essential to establish clear goals. Whether your objectives focus on enhancing security, minimizing downtime, or boosting productivity, having well-defined goals ensures alignment with your MSP's services.

2. Define Your KPIs

Identify Key Performance Indicators (KPIs) that align with your goals and track progress towards achieving them. For instance, if reducing downtime is a priority, measure metrics such as hours of downtime per month. Consider factors like data availability, ease of tracking, and the need for manual compilation when selecting KPIs.

3. Cost Savings

Cost savings play a significant role in determining the ROI of your MSP. Compare the expenses associated with managing your IT infrastructure in-house with those of outsourcing to an MSP. Include direct costs like salaries, benefits, and equipment, as well as indirect costs such as training and recruitment. Additionally, consider the intangible benefits of MSPs, such as reduced downtime, increased efficiency, and enhanced security, which contribute to overall cost savings.

4. Reduced Downtime

One of the key advantages of MSPs is the reduction in downtime, which directly impacts a business's costs. To calculate cost savings resulting from uptime, utilize the following formula:

Cost savings = (number of downtime hours per year) x (average revenue per hour) x (percentage reduction in downtime)

For instance, if your business experiences 100 hours of downtime annually, with an average revenue per hour of \$1,000, and your MSP achieves a 50% reduction in downtime, the cost savings would amount to \$50,000.

5. Increased Efficiency

MSPs contribute to efficiency improvements by automating tasks, minimizing human error, and ensuring faster response times. To determine cost savings from enhanced efficiency, use the formula:

Cost savings = (time saved per year) x (average labor rate)

For example, if your MSP automates a process saving an employee 520 hours annually, with an average labor rate of \$50 per hour, the cost savings would total \$26,000.

6. Improved Security

Enhanced security is another significant benefit of MSPs, reducing the risk of data breaches and other security incidents. Calculating cost savings related to security improvements involves estimating:

Cost savings = (estimated cost of a security incident) x (reduction in the likelihood of a security incident)

For instance, if the estimated cost of a security incident is \$100,000, and your MSP decreases the likelihood of such incidents by 25%, the resulting cost savings would be \$25,000.

While estimating these figures may require some effort, they are crucial for assessing the overall ROI of your MSP investment. If you need assistance in this process, feel free to reach out to us for expert guidance.



Performance Measurement

To streamline the ongoing assessment of your MSP's ROI, utilize ROI tools and metrics. For instance, leverage an ROI calculator tailored to your specific goals and KPIs to estimate the ROI of your MSP. Comparing your MSP's ROI with industry benchmarks can provide valuable context for your assessment. Utilize metrics such as mean time to repair (MTTR), mean time between failures (MTBF), and service level agreement (SLA) compliance to evaluate performance. These metrics facilitate identifying areas of strength and areas for improvement within your MSP partnership.

Remember: If It's Not Measured, It's Not Managed

In summary, following this guide enables you to measure the ROI of your MSP effectively, gaining insight into the value it delivers to your business. Armed with this understanding, you can make informed decisions to optimize your managed services investment, enhancing efficiency, reducing costs, and maintaining competitiveness in today's dynamic business landscape. It's important to recognize that measuring MSP ROI is an ongoing process, not a one-time event. As your business needs and goals evolve, your MSP should adapt accordingly. Therefore, regularly revisit your goals and KPIs, recalculate cost savings, and assess your MSP's performance to ensure continual optimization of your investment.





Achieving Long-Term Success

In today's business landscape, Information Technology (IT) serves as the foundation of operational functionality. Therefore, IT tools must not only be reliable but also contribute to increasing productivity. Without dependable IT systems, sustaining long-term business success becomes unattainable. Dispelling any misconceptions, managed service providers (MSPs) transcend the role of mere "outsourced" tech support meant to replace in-house IT technicians. A contemporary, high-quality MSP delivers measurable economic value, heightened ROI, and often reduces total operating costs. Skilled IT Service Providers streamline expenses, and eliminate unnecessary productivity setbacks, revenue losses, and avoidable fees associated with on-site IT consultants.

For those seeking a committed, long-term business partner who adopts a proactive rather than reactive approach to business and IT success, an experienced Managed Service Provider is the solution.

Protected Harbor was established with a clear mission: to provide exceptional IT support and cybersecurity services while prioritizing top-notch customer service. Our clients are paramount, and we consistently exceed expectations to ensure their satisfaction. Our primary goal is to empower clients to concentrate on their core business objectives by addressing their technology requirements. We take pride in our prompt response times, effective disaster recovery plan implementation, and complimentary evaluations. Our SOC 2 certification from the Johanson Group LLP underscores our dedication to excellence and our ability to meet the highest industry standards.

If you're seeking a dependable IT partner that prioritizes your needs, look no further than Protected Harbor. **Contact us today at +1 201-957-1616** for a complimentary consultation and IT Audit, and discover how we can help you maintain a competitive edge in the market!