



JPE Inc. Consulting

JPE Marketing for Managed Service Providers (MSP)

The Keys to Successfully Selling
Managed IT Professional Services

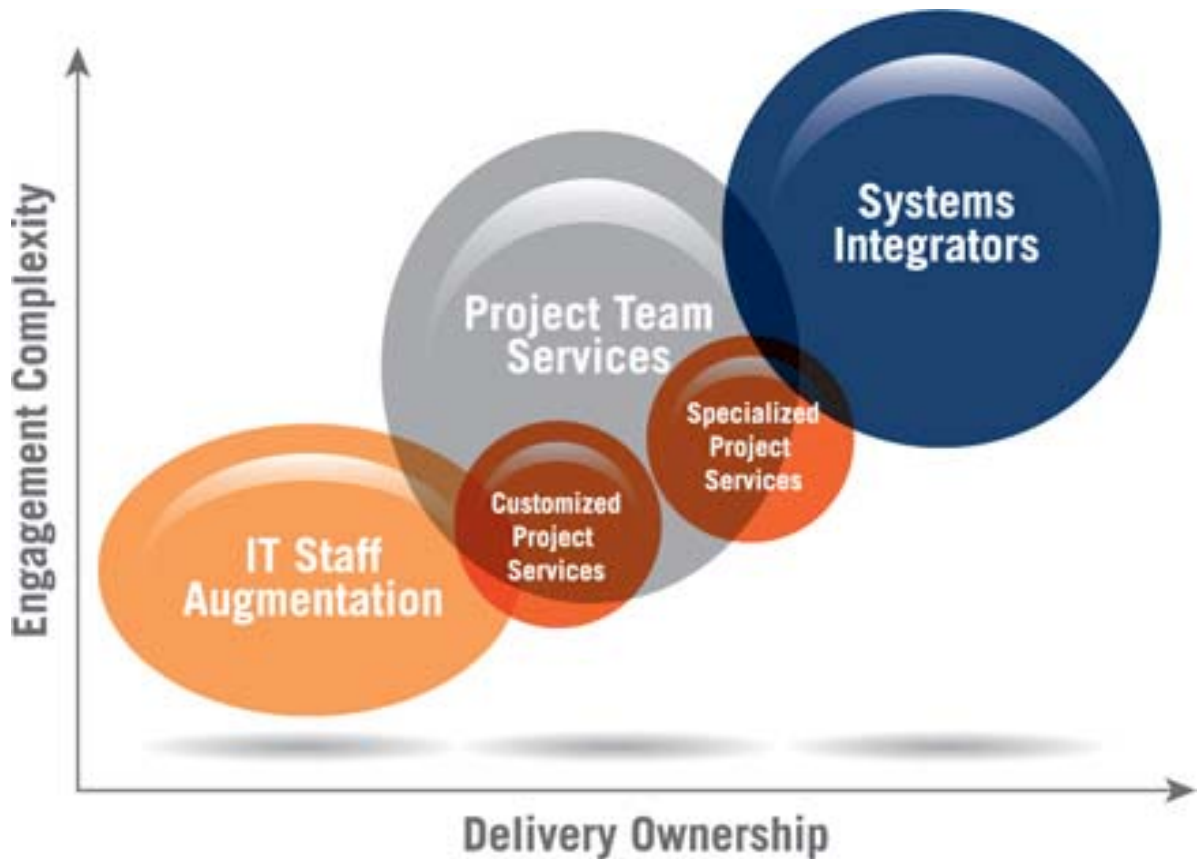
Virtual **IT** Marketing

www.jpeinconsulting.com

info@jpeinconsulting.com



Managed Professional Services (MSP) exist in a crowded and highly competitive marketplace, where many small companies or individual consultancies frustratingly vie for new business as they struggle to increase their revenues. This is no small challenge, where “luck” can’t be viewed as a market penetration or growth strategy, nor can hard work and perseverance alone ensure success. It takes a keen understanding of how the game is played, and playing it to win.



What are Managed IT Services?

Fundamentally, a Managed Service Provider (MSP) is someone who provides IT support services to a client organization that typically either doesn't want or can't afford to have a dedicated in-house IT technician or IT group/department, and therefore elects to contract those services to an external third party.

Such services may consist of PC and Server hardware and software support (configuration, troubleshooting, repair and routine maintenance), software updates and revisions/patches, upgrades and migrations, network router and connectivity support, Internet access, website and database maintenance, e-commerce support, cabling and set-up, monitoring various infrastructure and security logs, ensuring antivirus software and proper authentication and access control processes are configured and functioning properly, maintaining firewalls, VPNs, etc.

And that's a lot of the normal stuff – as opposed to the *abnormal* stuff: like recovering from hardware crashes, software glitches, viruses, worms, hacker breaches, vandalism, theft, and the impact of just plain “haven't seen that one before” instances of employee stupidity.



The Bottom Line is that if a business has any significant number of employees who depend on PCs, software, a network, etc. to do their jobs – then someone needs to be available to keep it all running and functioning properly. That’s the idea of basic IT support.

It is therefore axiomatic that technology-dependent businesses either have someone (or more than one someone) on staff who is capable of performing all these functions, or they don’t. If they don’t, then, when invariably something isn’t functioning properly, or any kind of a change is needed, they must call someone in on a T&M basis. That’s typically a very expensive support strategy, and is also inclusive of business downtime and therefore lost productivity until it can be completed.

Conversely, a business without internal IT support has the option to subscribe to the services of a **Managed Service Provider (MSP)** who is readily available to come to the rescue when needed, but more importantly, is involved on regular intervals, onsite or remotely, to provide ongoing maintenance and support services to prevent major downtime catastrophes from happening in the first place. This is obviously the wiser strategy for the client’s business.

However, for the MSP, their biggest business challenge hindering the growth of their own practices is connecting with businesses who could genuinely benefit from using their services – but either don’t know they exist, or don’t understand why they should do so.

MSP Marketing 101

There have been a lot of articles written about marketing Managed IT Services, and professional services in general. Some of that information tends to be rather general, and “heavy” regarding targeting prospects and networking, but often tends to be very “lean” when it comes to what needs to be said and accomplished once an MSP has the occasion to make their case for the engagement of their services. Finding businesses who could use an MSP isn’t the hard part – rather, getting them to hire the MSP is.

There are two major questions that have to be answered for an MSP to win a new client:

1. Why use an MSP at all?
2. Why You?

We’ll look at both of these questions in some detail.



Why Use an MSP?

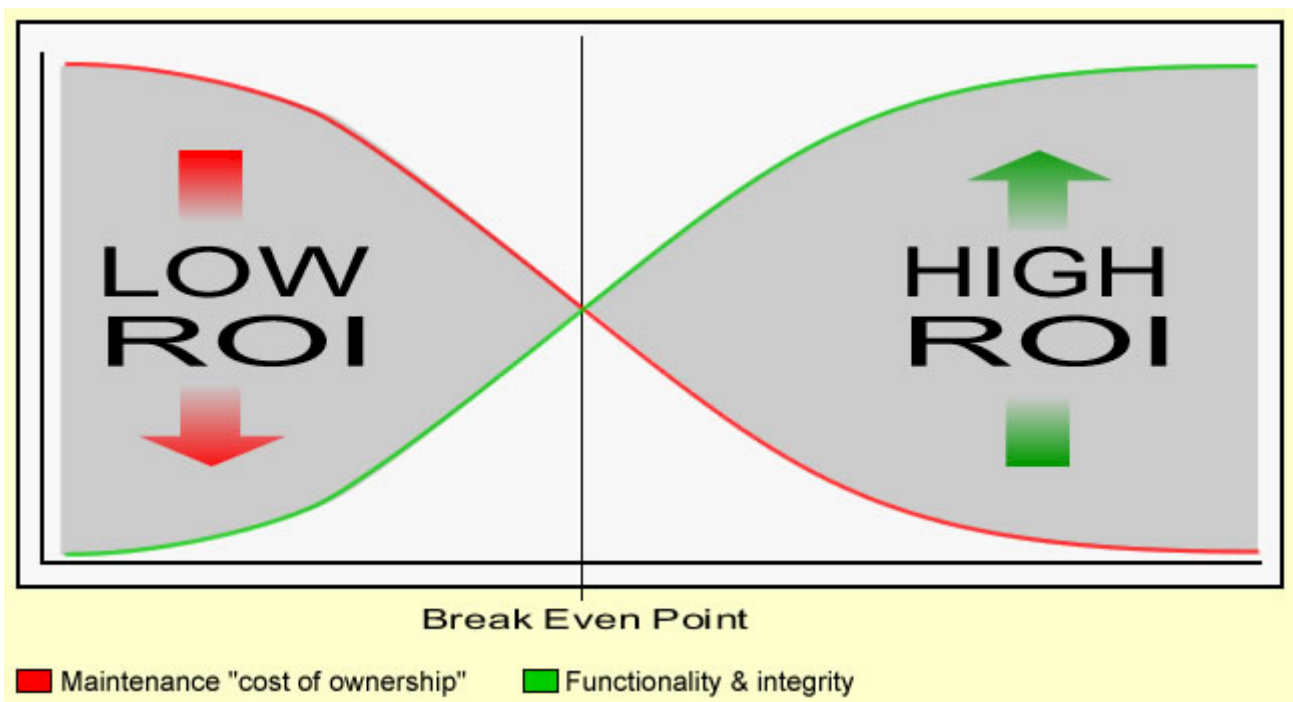
Failure to adequately answer this first question is where most MSPs stumble. The mistake comes in thinking that the premise of the question has to do with validity and credibility. It doesn't. That's the second question. This first question is a financial question.

"Why use an MSP at all?" is really a business person asking, "Why should I dedicate precious monthly cash-flow to a function that isn't even a given that I really need it all the time?"

More often than not, this question comes from organizations who have managed to get by on the technical skills and talents of internal personnel – even if it wasn't their primary job, or via store warranties, or favors from friends and colleagues. It mostly comes from small organizations who have circumstantially managed to avoid any major mishaps related to lack of proper IT maintenance, neglect, or security breaches. For them, using an MSP can legitimately be a very tough sell – like trying to sell a college student a health insurance policy (when they believe they're invincible and indestructible).

The truth is, typical small organizations are fairly comfortable operating in a posture of "self-insurance and do-it-yourself support," i.e. taking their chances. Consequently, this dynamic is also one of the best reasons not to make very small companies a prime marketing target, even if there are many of them.

On the other hand, with that said, if a small business happens to be very high-dollar in terms of its revenues (like a law firm or medical practice), then despite a small physical footprint of hardware and software—meaning that IT impairments can still result in major revenue or cash-flow disruptions—then there still may be a valid argument to make for using an MSP. But this is the same argument that needs to be used for the mid-sized prospect: **ROI & TCO**.



Therefore, the correct answer to the "Why use an MSP at all?" is: "Because it is a lot less expensive than any other alternative." Being able to defend that assertion is the first MSP marketing objective.



Keep in mind, unless you are offering some very unique and specialized managed services, then most large organizations will undoubtedly have their own internal IT staffs to handle their normal IT support functions, or they may outsource many IT functions to IT/BPO providers.

Therefore, for the independent MSP, the real viable prospecting targets are most likely going to be either small (high revenue risk) to medium sized organizations that have small to non-existent IT staff. The marketing challenge for capturing them is to help them understand that using an MSP is far less expensive on a

monthly cash-flow basis than fulltime dedicated in-house resources—and it is certainly less costly than experiencing a major IT failure.

Thus, the objective is to construct a solid **Return on Investment (ROI) and Total Cost of Ownership (TCO)** argument, using solid ROI/TCO tools.

Building a strong ROI/TCO case involves an investigative **presales exercise**, whereby, in the context of an interview and consultation, an **inventory** is taken of the prospect's support requirements. Based on the number of computers, servers, peripherals, storage, applications, network architecture, security infrastructure, etc. that they have in use, a determination of support workload can be made.

The key here is not to put the weight of the inventory solely on a cumulative workload of man-hours, but rather on the different skill sets needed to support it all. Sure, there are a few technical superstars out there who can do everything in the IT universe, but in most IT environments you have a need for a variety of highly skilled specialists – e.g. a Hardware person, Application support, Sys-Admin, Security Guru, PC support, Network Tech, etc.

Even if there is some functional overlap in a smaller number of personnel, it can always be argued that a particular prospect's IT support needs necessitate at least one support person, and often more than one person to address all of those needs. It then becomes a simple task to go to www.salary.com and pull up the average costs of these personnel for a given market to establish a baseline IT Support Cost overhead. To that can be added support tools and resources—and most importantly, the cost of downtime in terms of lost revenue. The total of it all becomes your key reference point.

Armed with that data, it is therefore highly likely that an MSP can then offer a comprehensive managed program of maintenance and support services for far less than the cost of an internal IT person or team.

The argument breaks down to:

1. Mr. Prospect, here is an inventory of your support needs and risks to your business.
2. Here's what it would cost you to address these needs by yourself (along with the personnel management burden that goes along with it)
3. Here's what our MSP program would cost to deliver your company an equivalent or superior level of quality (without any personnel burden) for X% saving per month.



Ergo: Why use an MSP? Because it's a better business decision.

In addition, for the MSP, you yourself therefore have an important business decision to make: Are you competent and equipped to develop ROI/TCO business case proposals? If so, fantastic. If not, then you will need help. JPE Inc. Consulting can assist you with ROI analysis tools, coaching, and output proposal preparation.

OK, But Why You?

This may be the harder of the two questions to answer – but it shouldn't be, if you're prepared.

That is, you may win the argument of convincing a medium-sized business that they would be far better off using an MSP than paying someone fulltime to accomplish the same function, or the folly of going without support. But in the next breath they may be inclined to go "shopping" for an MSP and not necessarily automatically sign up with you.

Therefore, your next objective is to convince the prospect you are their best choice. How?



With prepared artifacts designed to establish your **Credibility** and **Capabilities**.

Specifically:

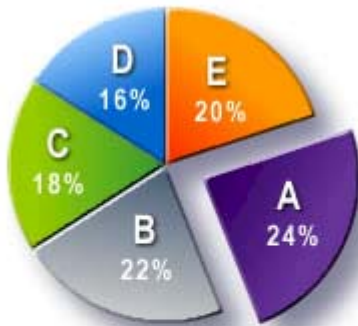
- **Services Portfolio** – detailing all the Managed IT Services you can credibly provide, intervals of interactions, and levels of service explained clearly for a non-technical person with an eye on benefits not technical functions.
- **White Paper** – on your service methodology, philosophy, support approach, etc. This is your chance to clearly differentiate yourself as unique and special. And by the way, a Vertical Market focus is a great way to differentiate yourself.
- **Case Studies** – two or three detailed documented success stories of existing clients, with quotes and testimonials. This is the happy-ending reference that doesn't need to be called.
- **Additional Reference List** – of many happy customers that can be called and verified (although, in practice, few people check references as they should – figuring you'd never give them a bad one to check). Not having any can be an issue.
- **A Credible Website** – well-designed, professional looking, creative, easy to navigate, helpful, and informative.

All but the last item consist of **marketing messaging** in the form of **artifacts/collaterals** that can be emailed or printed and physically mailed or presented to a prospect. However, the last item is one of the most neglected and often overlooked in terms of its prospecting importance.



A **credible website** needn't be a vast investment of graphics, prose, and multimedia technology. It just needs to not do any disservice to your **credibility** when a prospect goes there to "check you out" as they ALL WILL DO. If your website needs a tune-up to check off this item, get one. (for more info on a website tune-up, go to <http://www.jpeincconsulting.com/websitetu.htm>)

Find Your Niche and Fill It



MARKET SEGMENTS

Technology marketing achieves momentum and velocity faster when it is focused on "depth" before "breadth." Managed Services are no different.

It behooves an MSP to seek to find some area of specialization in some specific business segment – not to the exclusion of all else, per se – but purely for business development purposes. It can be a vertical business segment like law firms or medical practices, or a horizontal technology sector like e-commerce providers, or any other market segmentation that makes sense.

The point is that the more an MSP works with a common business type, the faster they are going to accumulate references in that area that will then allow them to credibly target more businesses in that same area with common needs, issues, and who speak the same language.

For example, if an MSP develops some subject matter depth with Insurance companies, then when asked by a new Insurance prospect, "Do you really understand what it takes to keep a firm like ours up and running?" the MSP can respond, "Absolutely! Many of my current clients are in your industry, and we're keenly aware of [XYZ issue] and [ABC problem], and know how to take care of those things."

Just as in the business sectors of law and medicine, the specialists make the big bucks, as compared to the generalists.

Imagine being able to walk into a law firm and hand one of the managing partners a White Paper entitled, "Managed IT Services for Practicing Attorneys from [Your Company Name]." And in that paper it discusses everything from protection of Intellectual Property to Contract Workflows via Enhanced Wireless Networking to Data Backup Strategies to Remote Information Access – i.e. everything a lawyer might care about in terms of the management and availability of their information.

Now contrast that capability with an MSP competitor walking in with a generic brochure about doing revisions and patches and monitoring logs. Who is the prospect going to feel more comfortable doing business with? Obviously, the one who demonstrates a better understanding of his specific environment and needs. And only those MSPs who have made the investment to gain focused market segment and subject matter "depth" can accomplish that.

In time, the MSP can branch out into more and more market segments – but the goal in any segment must be to achieve credible depth that is replicable to common prospects.

That's the marketing path of least resistance.



The MSP Marketing Paradigm

Therefore, marketing Managed IT Services as an MSP basically boils down to three main success elements:

1. **Making a strong ROI/TCO Case (with ROI/TCO tools) that validates and cost-justifies the IT Support Model**
2. **Presenting a Credible Case for Comprehensive MSP Capabilities via Informational Artifacts and a Credible Website**
3. **Choosing a Market Segmentation Focus to achieve Referenceable Subject Matter Depth and Referrals**

JPE Inc. Consulting is uniquely able to provide consulting and marketing tool development for MSPs in all three of these areas.

Please contact us today for a free initial consultation to learn more: info@jpeincconsulting.com.

