

# Managed Services

Is this the Leverage You Need to Accelerate Business Transformation?

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As businesses struggle to reinvent themselves in the post-COVID world, Managed Services can provide them with the leverage they need to accelerate transformation.

### In Brief

- *Accelerating business transformation is a top priority for organizations today.*
- *Managed Services can provide organizations with the leverage they need to accelerate business transformation.*
- *The ideal Managed Services Provider unlocks 5 key benefits that free up budgets, resources, and focus for driving business transformation.*



**A**gility, flexibility, efficiency, resilience, competitive differentiation ... so how are you doing on delivering that business transformation agenda? Struggling a little, maybe?

Implementing business transformation has never been easy; academic research puts the failure rate as high as 70%. And today, when the world is still reeling under the Coronavirus impact, the challenge has become even more formidable.

## The Business Transformation Challenge

Business leaders are expected to deliver in-depth, overarching transformation at blistering speed (think months vs years) as enterprises recognize that it is the only way to drive sustainable growth in the face of constant disruption. Budget and resource constraints make the proposition even more challenging.

And, of course, even as you contemplate how to reinvent business processes and models to deliver breakthrough value, business-as-usual too needs to be managed.

You need to stay on top of daily operations, manage budgets, mitigate risk, leverage legacy technologies, handle staffing issues, and juggle a dozen other priorities every day, day-after-day; that too against the backdrop of constant turbulence and complexity created by Covid-19 and its aftershocks.

Everything is urgent. Everything is important.

Often, this treadmill of daily churn starts becomes a productivity sinkhole. The effort of just “keeping the lights on” sucks out so much of your time and resources that transformation initiatives start suffering.

## Managed Services: The Leverage You Need?

Managed Services can provide you leverage to put your business transformation back on the fast track in such a scenario.

A trusted Managed Services partner (MSP) provides you access to the right technology, talent, expertise, and processes proactively, quickly, at cost-effective price points, enabling you to:



- Improve Performance: In terms of operational efficiency, user productivity, and enhanced customer experiences
- Offer agile, flexible, scalable operating models
- Mitigate delivery risk and offer financial predictability
- Free up budgets and resources to yield cost savings
- Refocus on core business needs and drive innovation

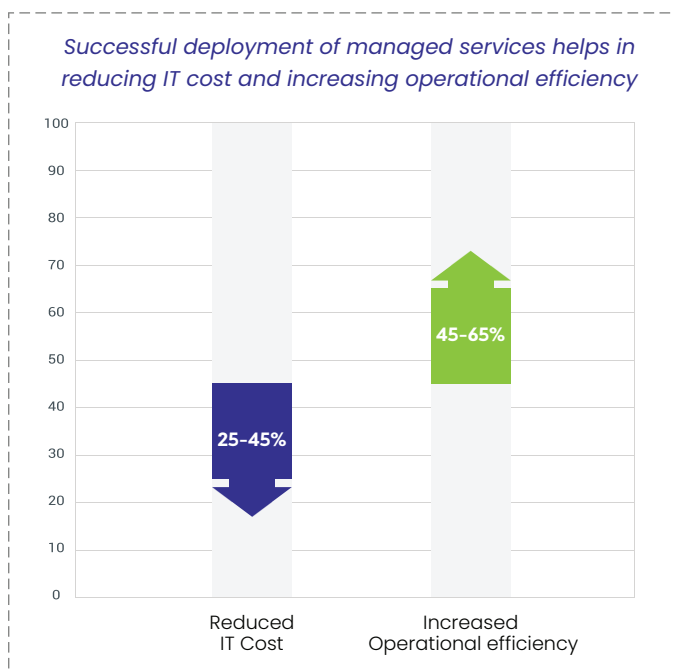
Accelerating business transformation starts looking a lot more doable once this leverage is in place.

Going forward, this article explores how Managed Services deliver the benefits listed above and enable you to maximize productivity and create real, breakthrough value for your organization.

But first, let us establish just what are (and aren't) Managed Services.

## What are (and aren't) Managed Services

Managed Services, in a nutshell, is the practice of bringing in a third party to manage and assume the responsibility for a range of processes and functions to maximize productivity and drive value.



The Managed Service provider proactively supports, executes and anticipates the need for the agreed processes/functions and leverages economies of scale to provide the services more effectively and efficiently, both in terms of cost and function. MSPs usually offer a consumption-based pricing model, where the client pays as per usage of services.

There are many misconceptions regarding Managed Services in the market. Let us dig a little deeper to better understand the different aspects of Managed Services and clarify common misconceptions.

\*Data Source: Global Managed Services Market – Growth, Trends, COVID-19 Impact, and Forecasts (2022)

## 1. The Offering: It isn't just about staffing

When considering Managed Services, people often tend to concentrate on its staffing aspect. Given the resource crunch prevailing today, the prospect of getting skilled, specialized resources is a powerful motivator indeed.

However, an MSP doesn't just provide you talent; it also equips your company with the latest tools, processes and technologies to execute the contracted function. Furthermore, the ideal MSP ensures that the technology stack and business processes it deploys for you are continuously upgraded. You get the benefits of the process expertise, technology investment, and future-proofing, without bearing the cost of ownership.

## 2. The Nature: It isn't just about IT

Yes, IT services are the most common type of managed services. And yes, they account for the majority of the managed service market. However, please note that managed services are offered for several other business processes and functions as well.

The tasks could range from supply chain management to call center operations, from marketing to transportation, and several other non-IT services.

Opting for Managed Services in these segments could yield significant benefits, particularly if you select an MSP that specializes in Business Process improvement, not just IT Service Management.

In the IT sector, Managed Services cover a gamut of areas in cloud and infrastructure, systems management and storage services, backup and disaster recovery, network optimizing and management, security and compliance, application development and support, and a host of other functions.

## 3. The Focus: It isn't about tasks & activities

Typically, when outsourcing, you define deliverables in terms of tasks and activities. Managed Services shifts the definition out of this narrow band.

A good MSP focuses on the business outcome you need and partners with you in achieving defined business goals and objectives. They become your true partner in accelerating business results and recognizing the pursued value.

So instead of an operational offering that is activity-bound and task-oriented, you get access to a comprehensive, continuous-value-improvement offering that is aligned with your business objectives.



## 4. The Scope: It isn't about what you want

The best Managed Service Providers look beyond delivering what you want and instead focus on what you need.

This is where the proactive and anticipation element of Managed Services kicks in. The right service provider has the deep specialization and focus required to identify performance improvement and value creation opportunities for its clients.

You might not even have realized that these opportunities exist. The MSP is an invaluable asset in identifying and actualizing potential improvements, in such a scenario.

On the flip side, the MSP's expertise enables it to offer proactive support rather than reactive break/fix contracts. The MSP helps you improve your efficiency and reduce the likelihood of problems. You get ahead of issues before they get out of hand.

## 5. The Pricing: It isn't just about getting it 'cheap'

You already know that the economies of scale allow an MSP to provide Managed Services at a lower price point. What you may want to delve into a little more is the predictability and the consumption-based pricing offered by Managed Services.

Economies of scale and shared services enable Managed Service providers to offer consumption-based pricing models. Consumption-based pricing is essentially a sophisticated pay-by-the-drink model.

This means that the upfront, fixed capital spend, the cost of ownership, is borne by the MSP, while you, the customer, are only billed for your usage of the service. You pay for what you consume.

When companies shift big projects and functions to Managed Services, they avoid upfront and fixed capital costs and instead consume services in a flexible, on-demand way.

MSPs also offers you financial predictability. The ideal MSP has the experience and expertise to accurately predict the delivery cost for a desired end-product or solution. It can commit to delivering you the outcome you need at a fixed, predictable monthly price.



## 6. The Value: It isn't about staying on top of the daily churn

Everybody, and their aunt, knows that Managed Services help you stay on top of the daily churn more efficiently and cost-effectively. However, the ideal MSP partnership delivers you much deeper value.

The ideal Managed Service Provider provides you with a combination of people, processes, tools and technologies that can help you maximize productivity, improve operations, facilitate agility and scale, reshape spending, and deliver innovation.

More on this ahead ...

## How Can Managed Services Help You Accelerate Business Transformation:



And now down to the brass tacks – how exactly can Managed Services help you accelerate business transformation.

Managed Services yield myriad benefits that give you leverage to drive the transformation agenda. These benefits can be bucketed under five broad heads. Applied in conjunction, these five benefits can help you drive innovation, create value and accelerate transformation.

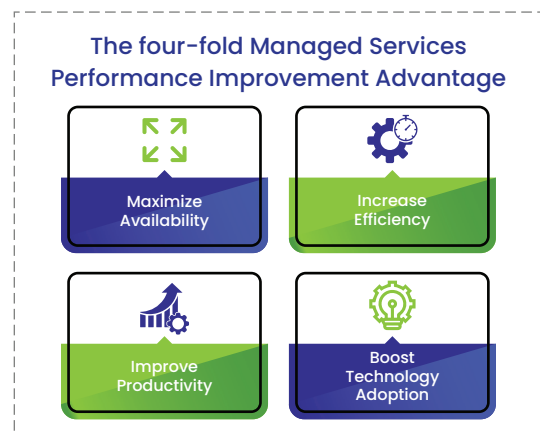
## The 5 Key Benefits of Managed Services

The 5 key benefits of Managed Services are that they:

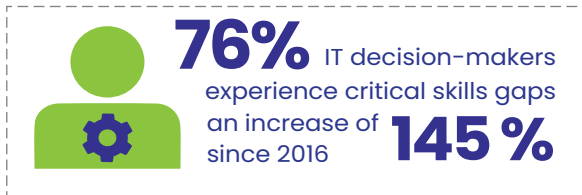
### 1. Yield Performance Improvement:

Cost saving is the driving factor that motivates most companies to opt for Managed Services, However, interestingly, after implementing Managed Services the majority of the companies realize that they are seeing significant performance improvement as well.

This performance improvement happens at multiple levels:



## ■ **Resource Availability Improves**



\*Data Source: [www.globalknowledge.com](http://www.globalknowledge.com)

Skilled resource crunch is a universally acknowledged challenge today, especially in the IT sector.

Managed Services provides you access to resources with the required levels of skills,

specialization, and expertise at a cost-effective price point.

Managed Services provides you access to resources with the required levels of skills, specialization, and expertise at a cost-effective price point.

Since the MSP specializes in a specific field, it is committed to the continuous skill development of its employees. This ensures that not only do you get access to the resources you need today, but also that you do not face skill gaps in the future.

The MSP's emphasis on continuous improvement and training opportunities contributes to employee satisfaction too. And happy employees, as you well know, translate into happy customers.

The ideal MSP invests heavily in employee retention. This yields tenure efficiencies. Since employees stick around, you are protected against the productivity loss caused by attrition. You can tap into the expertise of experienced, long-term employees and thus harness tenure efficiencies.

## ■ **Operational Efficiency & Reliability Improves:**

Along with staffing, MSPs also place the latest tools, technology and processes on the table yielding better operational efficiency.

The MSP's experience enables it to help organizations ensure that the right people and the right resources are allocated in the best possible ways, further boosting efficiency.

On the reliability front, the forward vision and proactive support the ideal MSP provides ensure that you stay ahead of problems. The MSP has the focus and expertise to constantly monitor operations to prevent issues before they arise.



## ■ *User Productivity Improves, Customer Experience Gets Enhanced*

### Implementing Managed IT Services



enabled companies to reduce server and network downtime by more than **85%**

\*Data Source: IDC study

With the ideal MSP, you get the assurance of quality service at par with SLAs, which yields higher user productivity and better customer experience.

Proactive support enables prevention of problems. And even if an issue emerges a good MSP has strong processes and expertise to facilitate resolution effectively.

Typically, the MSP would define thresholds at each skillset level and keep moving a complex inquiry to a higher level of expertise to reduce resolution times, minimize customer frustration and improve user productivity while reducing the cost per inquiry.

## ■ *Technology Adoption Improves, Digital Gets Accelerated*

Digital is an imperative for companies today. And yet pushing through digital transformation and ensuring technology adoption is a tough call for companies.

Managed Services can play a vital role here.

Consider, your own internal staff has to cater to multiple tasks while the MSP offers you access to specialists who are highly skilled in specific aspects of a service.

This specialization enables MSPs to identify and offer the solutions and technologies best suited for your organization. Also, the ideal MSP has the experience and expertise to implement digital projects with minimum disruption to business operations, which translates into better technology adoption.

And since the MSP resources are continually trained and updated in the new processes and technologies surrounding their area of specialization, you can be sure that your business will stay future-proofed.

## 2. Enable Agility, Flexibility & Scale

The ideal MSP offers your organization a broad scope of services at varied levels of expertise on a consumption-based pricing model. This provides you the agility, flexibility and scale required to keep pace with evolving business needs.

The MSP has already invested in technology, manpower, tools and resources. You now have the leverage to consume it on an as-required basis. You can start small (or big) and scale





up (or down) quickly and cost-effectively. New solutions and services can be deployed with minimum upfront investment.

And while you would retain complete control of the outcome and application, you have the flexibility to allocate only as much of your in-house staff and infrastructure as you want.

### **3. Improves Cost Control; Reduces Spending & Frees Up CapEx Budgets**

The ideal MSP enables you to reduce costs and free up capital expenditure budgets by offering you the benefits of economies of scale and consumption-based pricing.

With an MSP you get access to better resources at a lower cost. The MSP has core competency in the area in which it provides the service, and it can amortize the cost of these resources over several clients.

You get access to specialized resources, tools, processes and technologies without having to bear ownership costs such as training, tools and licensing, consulting and other related costs.

#### **■ *Reshape spending***

If you choose to use Managed Services to implement large-scale projects and major functions, you can also see a substantial shift in spending from CapEx to OpEx.

With Managed Services, you don't have to bear the load of the upfront investment in technology, hardware, people and other resources. The MSP makes that investment. You are just charged as per consumption of the service.

You may buy multiple best-in-class tools, such as a network and security monitoring tool, at a higher cost (remember MSPs get a better price due to higher capacity purchasing), or, you could engage an MSP that delivers the desired functionality on a monthly-fee basis. The high-investment capital expenditure now becomes manageable monthly operational expenditure and frees up your budget for other more meaningful investments.

### **4. Mitigate Risk & Assure Financial Predictability**

Batteries included! That's the deal you get with a good MSP.

Isn't it irritating when you open an expensive gadget and then realize that you have to go out and buy batteries to put in it before you can use it?



The ideal MSP offers you predictability and transparency to save you this headache precisely.

A good MSP breaks down the services into a simple service catalog that offers you a deliverable-based menu. The catalog details the complete cost of delivering each menu option: there are no additional costs, or any hidden costs.

What you get is a financially predictable model that keeps getting better with time and capacity.

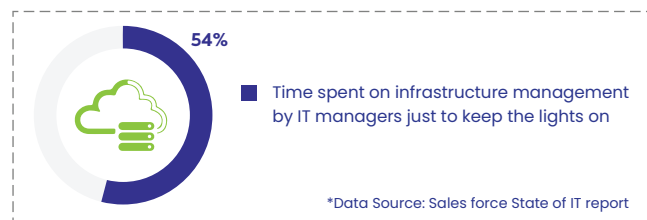
Expertise and experience, as discussed earlier, enable the MSP to offer you a transparent, predictable cost every month, month-after-month, for delivering you the outcomes you desire.

So no unplanned spending, no financial risk, and yet a firm commitment of delivery. Finance is happy; it gets a reliable forecast for operational costs, months in advance. You are happy; you get the outcome you need.

## 5. Allow organizations to reclaim innovation focus

Are you sometimes frustrated by the amount of time and effort you seem to be spending on just keeping the lights on (KLTO)? Well, you are not alone.

Statistics from myriad sources paint the same picture. Employees, especially IT employees, are bogged down with KLTO effort, leaving only limited resources and focus free for innovation.



The ideal MSP takes this KLTO burden off. With an ideal MSP, daily tasks get managed much more effectively, at lower costs, without eating into your internal resources. More importantly, the MSP distributes the functions optimally to allow for innovation and improvement to continue to take place.

Your people get freed up to focus on the stuff that really matters – creating value and driving innovation in your areas of expertise while letting the MSP do the same in their equivalent area.



## The Ideal MSP: Your Partner in the Transformation Journey

In summary, the ideal MSP partners you in your transformation journey by taking off your KLTO burden and:

- Delivering performance improvement on auto mode
- Freeing up budgets and reshaping spending
- Providing agility, flexibility and scale
- Providing financial predictability
- Enabling you to focus back on innovation

You can move beyond incremental value creation and concentrate efforts on accelerating transformation across the organization.

### *Discover Managed Services from Artech*

*From vision to delivery excellence, Artech's Managed Services are enabling clients across the globe to achieve the business outcomes they need, intelligently.*

To know more about how our solutions can add value to your organization,  
write to us at [bruce.gerken@artech.com](mailto:bruce.gerken@artech.com)

