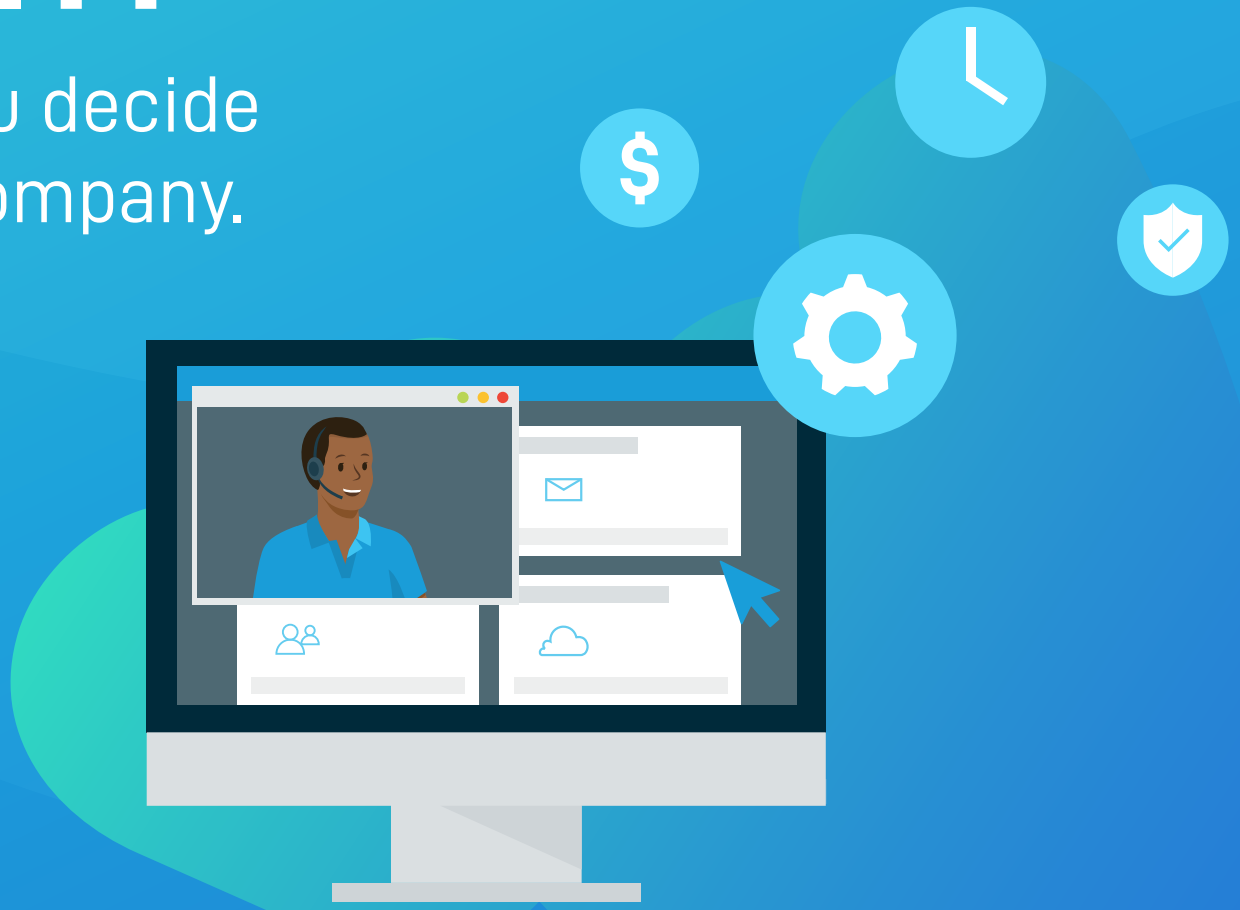
eBook

Should Your Company Outsource IT?

Key factors to help you decide what's best for your company.



Introduction

IT service providers deliver the technical expertise small businesses need at a much lower cost than hiring IT staff. They can recommend, install, and manage technology according to business' objectives and core competencies and ensure that critical data is safe.
That's why nearly 70% of U.S. small to medium sized businesses (SMBs) work with an IT service provider for some or all of their IT needs.

There are many considerations for SMBs thinking about moving their IT to another company. In this eBook, we've summed up the key factors to help you decide what's best for your company. Let's get started!

MSPs are the guardians of IT, delivering ongoing monitoring and management of client applications (email, web site, security, etc.) and IT infrastructure.

What's an MSP?

An MSP, or managed service provider, is an IT service professional to which SMBs outsource their IT needs.

MSPs are the guardians of IT, delivering ongoing monitoring and management of client applications (email, web site, security, etc.) and IT infrastructure remotely. This is typically accomplished through remote monitoring services, which allows them to keep tabs on the health of their clients' IT environments, change and update systems, and troubleshoot problems. MSPs closely monitor a wide variety of IT solutions a business has implemented, including web apps, desktop and server management software, backup and disaster recovery, storage management tools and security software.

Small businesses outsource IT to ensure all their business systems, operations and networks remain up and running. Managed service providers take a proactive approach to IT. Rather than waiting for something to break or shut down, MSPs ensure a customer's IT can avoid most tech issues in the first place. This is huge, because IT related downtime can have a devastating impact on revenue and reputation—especially for smaller businesses trying to grow.

SMB Managed Service Consumption

A survey by B2B research firm Clutch showed that 69% of U.S. SMBs use at least one IT service provider, regardless of company size. 63% of respondents indicated they also have dedicated, in-house IT staff. However, this percentage was much lower among SMBs with 10 or fewer employees—only 31% of that group have in-house IT staff.

All or some IT tasks to a managed service allows businesses to focus on their core competencies.

MSPs typically deliver services on a subscription basis; companies pay a fixed amount, usually monthly, for a specific set of IT services. Some common examples include, but are not limited to:

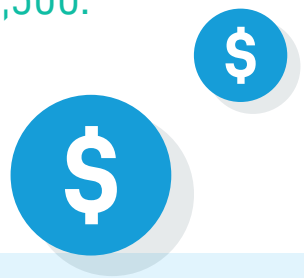
- Application monitoring/management
- Helpdesk
- E-mail
- Security
- Storage
- Backup and Disaster Recovery

These services are typically offered either as packaged services, or a la carte, depending on the needs of the SMB. They are also often priced at a fraction of the cost of a full time IT resource. MSPs work with a variety of technology vendors in order to deliver these services. However, it's not just about the technology. Rather, the expertise of the service provider holds the most value for SMBs.

Why SMB's Adopt Managed Services

Moving all or some IT tasks to a managed service allows businesses to focus on their core competencies instead of day-to-day IT management. This is especially important for SMBs, since they are frequently stretched thin from a personnel and budget standpoint. Obviously, the specific reasons SMBs adopt managed services depend on the unique needs of the organization. For example, the IT needs of a five person company with no in-house IT will be quite different from those of a 100 person company with a dedicated IT team. However, generally speaking, businesses adopt managed services to improve upon all or some aspect of their IT strategy or infrastructure. How this occurs will largely depend on the in-house IT expertise of a given business.

According to Kaseya's 2018 MSP Benchmark Survey Results, 24% of respondents pay under $1,000 a month for managed services ($12,000 per year) - a fraction of the yearly salary of an IT professional in the U.S. An additional 28% said they pay between $1,001 and $2,500.



Average size of monthly managed services contract (% of respondents -- USD)

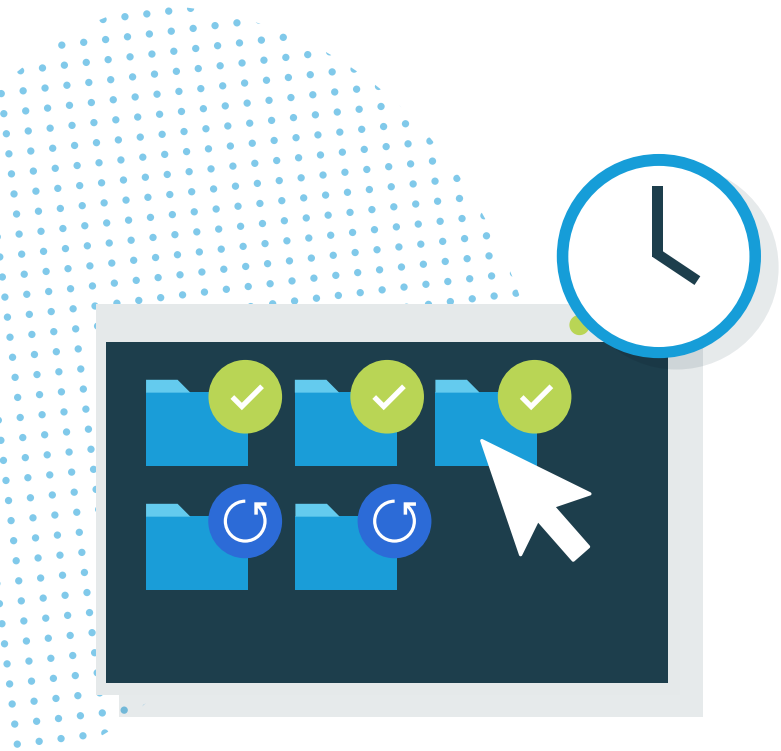
Year	Up to $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $7,500	$7,501 - $10K	Over 10k
2017	27%	28%	24%	7%	7%	7%
2016	3%	23%	37%	22%	8%	6%
2015	2%	34%	35%	19%	7%	2%

Kaseya 2018 MSP Benchmark Survey

According to IT industry trade association CompTIA, the top reason SMBs adopt managed services today is to "improve efficiency/reliability of IT operations" (51%). But, context is important. For a very small business, "improve efficiency/reliability of IT operations" might mean implementing and managing the IT infrastructure. At the other end of the spectrum, it might mean outsourcing some routine tasks so in-house staff can focus on higher-level technical challenges. And, 31% of respondents said that they opted to work with a service provider to "free IT staff to work on strategic projects." MSPs can provide different levels of support to meet the technology requirements of different businesses.

Many businesses choose to work with IT providers because they have expertise in a specific area of IT. For example, 38% of respondents in CompTIA's survey said that they adopted managed services for "enhanced security/compliance." This is likely due to the fact that ransomware attacks and security breaches are constantly in the news, but it highlights the fact that MSPs have deep technical knowledge in specific disciplines of IT. Also, the ongoing monitoring and software management MSPs provide is particularly important, because keeping software patched and up to date is essential to protect against security breaches.

Also, working with an IT provider allows businesses to offload tasks that are difficult and/or time consuming. That's one of the reasons that managed data protection services are so popular today. Protecting company data through backup and restore has long been a pain point for companies of all sizes; MSPs can ensure the SMB company data is fully protected from malicious or inadvertent actions, reducing business risk by putting complex tasks in the hands of experts.



MSPs can also initiate new projects and implement new technologies quickly. They have the resources and flexibility to get projects off the ground which might take weeks or months in-house. Implementing new technology with your existing environment can be complicated and time consuming. Because MSPs work with a wide variety of clients with different IT needs, they are uniquely equipped to take on complex IT projects. They also have vast experience troubleshooting the products they use—allowing them to resolve problems quickly.

Depending on the company, cost savings may also be a factor—especially among smaller SMBs with straightforward IT needs. Monthly fees for managed services will vary depending on services delivered. But, managed services are generally more cost effective than hiring in-house IT staff for smaller businesses. According to Kaseya's 2018 MSP Benchmark Survey Results, 24% of respondents pay under $1,000 a month for managed services ($12,000 per year) - a fraction of the yearly salary of an IT professional in the U.S. An additional 28% said they pay between $1,001 and $2,500.

Larger companies with internal IT can also recognize cost savings from IT managed services. However, cost saving isn't the primary driver for managed services adoption among larger companies. According to CompTIA, larger SMBs are more likely to contract with MSPs for strategic reasons.

Conclusion

There are a variety of reasons that SMBs need help from third-party IT firms. IT skill and expense tops the list for smaller businesses. Very small companies stand to reduce IT costs while getting the IT expertise they need by partnering with a service provider. Larger businesses typically work with IT providers to offload a number of difficult or time-consuming tasks, allowing their internal IT staff to focus on mission-critical activities.

The ongoing infrastructure monitoring that managed service providers deliver can help SMBs avoid IT issues, data loss and downtime. Small business IT teams face budget and time constraints that make it difficult to deliver the level of monitoring an MSP can. This may be the most important benefit of working with an MSP, because IT downtime can completely derail a small business.

If you've never considered an IT managed service offering and are trying to manage your own IT, it's worth being aware of this cost effective way to have your IT burden lifted. If you are working with an IT provider on a project basis, it is worth investigating whether they offer managed services as well. Or, if your current IT team is running ragged, perhaps you can offload some difficult IT tasks. MSPs can help keep you focused, and keep you safe!

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