

IT Service Delivery: From Basic Automation through to Managed Services

Whitepaper



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Introduction

In the increasingly competitive race to attract, retain and generate profits from customers, IT service providers are under tremendous pressure to change the way they do business. Price pressures coupled with inefficient service delivery models are forcing these organizations to evolve and mature in order to increase their productivity, efficiency, service levels and market differentiation.

Many companies are looking towards IT service automation to help them achieve these goals. Some are going beyond strict automation to offer managed services — an innovative business and service delivery model that is revolutionizing the way IT service providers, system integrators (SIs) and VARs do business. Indeed, more and more companies are moving away from the traditional break-fix service model and moving towards IT service automation and then managed services — contracted, predictable, proactive business-focused IT services.

Service automation carries almost immediate benefits for any company, including reduced operating costs and greater productivity, the ability to service more customers without the need to add more staff, and the advantage of offering faster response times and a higher level of service to customers.

Managed services offer the same benefits, but add many other important ones, such as recurring revenue streams, higher business valuation, improved margins and stronger customer relationships. Becoming a full managed service provider (MSP), however, requires a company commitment from the top down and involves significant organizational changes and investment at each stage of the service delivery maturity process.

While IT service providers need to mature their business in order to thrive and survive, many don't have the time, resources or commitment required to transform their business into a full MSP — they need a powerful but low-risk solution that will help them automate service delivery and roll out new services without committing to a total business transformation.

This paper examines the changing IT services market and why IT service providers need to improve the way they do business. It also discusses why a total business transformation isn't always a viable option for many service providers and how many of their business improvement needs can be met simply by automating service delivery and offering additional services that their automation solution make possible.

An IT Survival Guide: Responding to Market Pressures

For most IT service providers, the fastest-growing source of new customer accounts is the small- and medium-sized business (SMB) market. There are an estimated 66 million SMB companies worldwide with 900 million computer users, presenting a tremendous opportunity for IT service providers. According to Gartner, Inc., the global SMB IT services market was estimated to be \$400 billion in 2006 and growing 8% annually. Managed services is a key growth area, and is forecast by Gartner to expand at a compounded annual rate of 36% through 2010.

But the SMB market for traditional hardware and software sales is not a guaranteed source of instant profit. In the increasingly competitive race to attract SMB customers, IT service providers must cut prices to survive. The price of commodity hardware is plummeting, so VARs, SIs and others have seen their profit margins steadily wane. This has forced VARs to lean more on their service offerings, but there's pricing pressure there too. New market entrants, "trunk slammers", Telcos and point solution providers are undercutting prices on generic service delivery.

Aside from external competition, many IT service companies are saddled with the internal operational obstacles of a break-fix service delivery model. The result is little predictability when it comes to a technician's time. At one point, they are being pushed beyond capacity and at others they are sitting around waiting for work to come along.

Operating in a break-fix service environment also means that IT service providers only interact with customers on an emergency basis, which can create a negative experience. Under these circumstances, most customers just want their network up and running quickly. They don't care how it's done or who does it, which makes it difficult to develop tight customer bonds yet easy to be displaced by a lower-priced competitor.

These pressures are why more and more IT service providers are moving away from the break-fix service model by automating their services with remote monitoring and management tools. From there, some take this evolution further by moving towards managed services — contracted, predictable and proactive business-focused IT services.

The Impact of IT Automation Service Delivery

Like all businesses, IT companies must continuously strive to increase their efficiency, productivity, competitiveness and profitability. The most effective way to do this is to automate their operations and services. Automation involves the use of remote monitoring and management software (and sometimes hardware) to deliver IT services more cost-effectively. By using a remote monitoring and management software solution designed specifically for IT services automation, you can monitor and manage customer devices, automate routine IT services and fix issues on desktops and servers — all done remotely and easily from your office.

Automation carries significant, measurable and often immediate benefits. It will enable you to:

- Pursue profitable new revenue streams
- Manage more customers and more devices without adding technicians
- Eliminate time-wasting visits to customer sites
- Reduce your costs while adding more services

Monitor and Manage

Monitoring is imperative for the proper management of your customers' devices. By employing a monitoring solution that can issue alerts based on thresholds you define, you can gain insight into emerging problems so that you can work to correct them before they lead to costly downtime for your customers. The most effective monitoring uses a combination of both agents (used primarily on mobile devices such as laptops) and probes to provide a full view of a customer's network in the most flexible and efficient way.

Automating routine tasks

The premise here is simple: the more mundane tasks you can automate, the more time you can free up to focus on revenue-generating activities. With the right software tool, you can automate important, yet repetitive tasks, such as applying patches, running defrags, performing asset management and updating software on your customers' systems. Many other routine tasks can be automated, saving you time and money and allowing you to turn your attention to critical business-building programs such as marketing campaigns, sales strategies and sales calls.

Remotely fixing issues

Time is money. That's why it's important to resolve your customers' technical issues as quickly and easily as possible. With the right software, you can take control of remote PCs and servers to troubleshoot and fix issues without disrupting users. Fixing issues remotely has many important benefits, such as increasing technician productivity, reducing service costs and shortening resolution times, thus keeping customers happy.

Going Beyond IT Services Automation

As we have seen, using remote monitoring and management tools to automate IT services is vital to building new efficiencies into your business. Companies that have not automated services are generally known to be delivering “break-fix” services, where the service provider dispatches technicians to customer sites after being contacted by the customer about a technical problem. This is not a cost-effective business model because it means technicians are often at one of two extremes — left with no billable work when customers do not call with problems or unable to satisfy demand if too many customers call for help at the same time.

Businesses that have introduced a basic level of automation tend to be known as “responsive” service providers. They have automated their services strictly through remote monitoring of customer devices for performance and availability. This is a good first step to building efficiencies into your operations, but it must be followed by the use of more automation in order to have a significant positive impact on your business.

IT automation is an important element for companies that not only want to become more efficient, but which aspire to become managed service providers. Why would they want to become MSPs? Because a managed services delivery model has additional business benefits, allowing MSPs to:

- Maintain consistent, higher-quality services
- Allocate work more efficiently
- Offer higher-margin services that are less likely to become commoditized
- Attract larger, more-sophisticated customers
- Create customer relationships that are difficult for other service providers to penetrate

In the rush by companies to enjoy these benefits, the term “managed services”, like so many other industry buzzwords, has become overused and often misused. The more popular it becomes, the more diluted its meaning. So much so that some see managed services as simply a generic term or new label for IT services. Many companies today are calling themselves MSPs but what they really do is what they have always done but with a managed services sticker on it.

To help organizations understand where they are in the process of becoming an MSP, N-able developed the N-able MSP Maturity Model. The model is based on industry best practices, Gartner analyst research and observed behaviors from N-able’s partner base of more than 1,400 MSPs. It helps service providers assess their business and, with assistance from N-able, develop a plan to improve their managed services offering through each of the five levels. You will notice in the section below that break-fix and responsive service providers comprise the first and second stages of the MSP Maturity Model. Industry data show that more than 70% of all IT companies fall within these two levels, so there is a tremendous opportunity for them to take their business to move up the MSP maturity path and begin enjoying the benefits of delivering managed services.

The N-able MSP Maturity Model

Break-fix — This is the initial stage of the process. Break-fix service providers have the least amount of process maturity. Their processes are ad-hoc and not documented, service delivery is unpredictable, service level objectives don’t exist, and 100% of technician time is dedicated to reacting to failures discovered by the customer. Break-fix service providers typically attract break-fix customers, who are low margin and costly to manage.

Responsive — This level is similar to break-fix except the service provider has some documented processes, offers up/down monitoring, and while 100% of billable technical resource time is still dedicated to correcting failures, the failures are often caught by the monitoring tool and not the customers. Responsive customers are

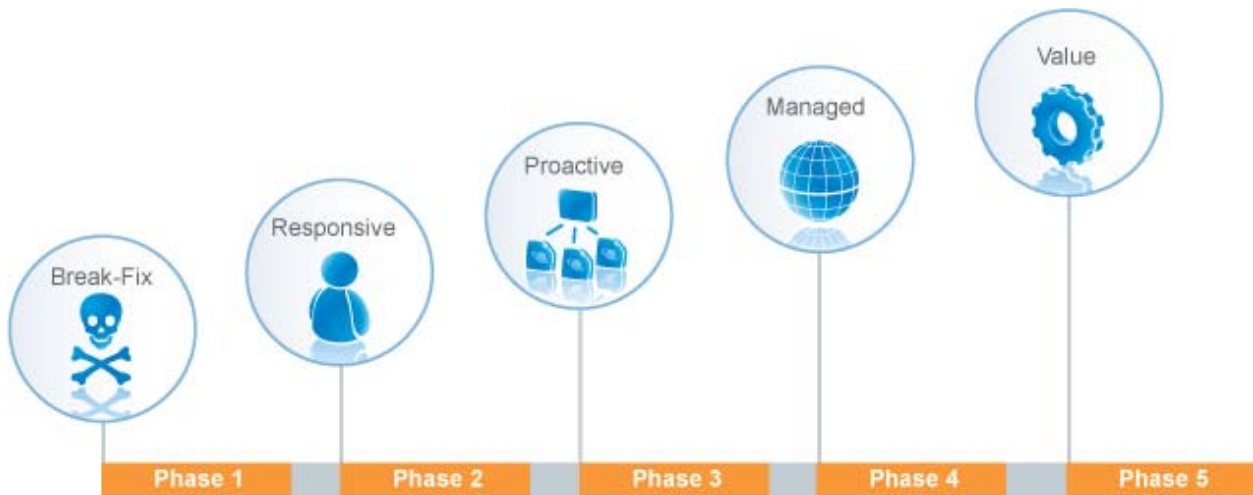
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loyal as a group but if their service provider fails to meet expectations, they will not hesitate to terminate the relationship.

Proactive — This tier differs from the first two levels in that preventative maintenance is at the heart of the Proactive MSP's approach to service delivery. Because of this, Proactive MSPs can minimize the threat of failure, capture performance and capacity utilization information and use service level objectives to set targets. In addition, 50 to 70 per cent of billable technical resource time is dedicated to correcting failures.

Managed — This is the first level in the hierarchy that takes a "utility" approach to service delivery. This level is one of the most challenging to attain because until now these companies have sold time as a product. Not directly billing for technician time is foreign to them. Managed-level customers are business savvy but not very technical. They are more interested in performance, capacity and regulatory compliance than they are in routers and switches.

Value — This is the logical evolution from the Managed level. While the Managed provider manages IT based on the value of the IT components, the Value provider manages IT based on the business process that it supports — regardless of the infrastructure that requires the service. As with the Managed level, the Value provider generally abstracts the amount of time required to provide a service in favor of a flat-fee based on the value of the business service.



Conclusion

To survive in today's competitive IT services market, service companies who want to thrive need to find a better way to deliver services and run their business. Automating IT services is the answer, and it should be the immediate goal of any company that aims to stay in business as market pressures increase. Looking beyond basic automation, becoming an MSP should be the long-term goal but it requires time, resources and a commitment to business transformation that many IT services companies simply don't have, which is why many are considering automating service delivery as an initial action. evaluating its impact on the business and then deciding whether to take the next step into managed services .To ensure success, these businesses need to consider the remote monitoring and solutions that are currently available and choose the one that best fits their needs. For useful background information that will help you understand the next steps for building new efficiencies into your business, please refer to [Appendix 1: Remote Monitoring and Management Solutions for IT Services Automation.](#)

Appendix 1: Remote Monitoring and Management Solutions for IT Services Automation

In order to automate service delivery, IT companies must have a solid technology foundation on which to carry out the five core functions that are critical to success: monitoring, management, notification, reporting and interoperability. As you review the available solutions, take care to ensure that they will enable you to execute the five core functions at the highest level possible and deliver profitable IT services to the widest range of customers. Some of the factors to keep in mind during the review are discussed below.

Support for multiple IT systems

When evaluating remote monitoring and management technology, service providers should begin with the basics, specifically the IT systems that the solution supports. The more platforms, operating systems and services you can support, the greater opportunity you have to generate more revenue per customer and develop a highly differentiated service offering. Look for a solution that offers a range of options, from SaaS to responsive programs to block-time proactive services, while allowing you to manage your internal operations more efficiently and effectively.

Low-risk offering

Seek out a low-risk solution that minimizes upfront costs and does not lock you into a long-term commitment, especially one that exceeds 12 months. In some cases, the best option is an on-demand service that allows you the flexibility to increase or decrease your usage depending on your needs. As well, on-demand services generally carry a monthly fee, meaning that there are virtually no upfront costs such as those associated with purchasing a platform solution.

Low service delivery costs

A key factor to evaluate among remote monitoring and management solutions is the impact they have on lowering service delivery costs. Carefully review the technology to ensure it allows for cost-effective service delivery through rapid deployment, ease of use, extent of automation, interoperability with other software, remote control and management capabilities, reporting functionality and profit potential. Beyond supplying the technology, the vendor must also offer extensive best practices resources for the operation, sales and marketing of automated IT services and managed services. This should include providing expertise on how to configure, manage, maintain and deliver an effective service offering.

Technology: System Architecture

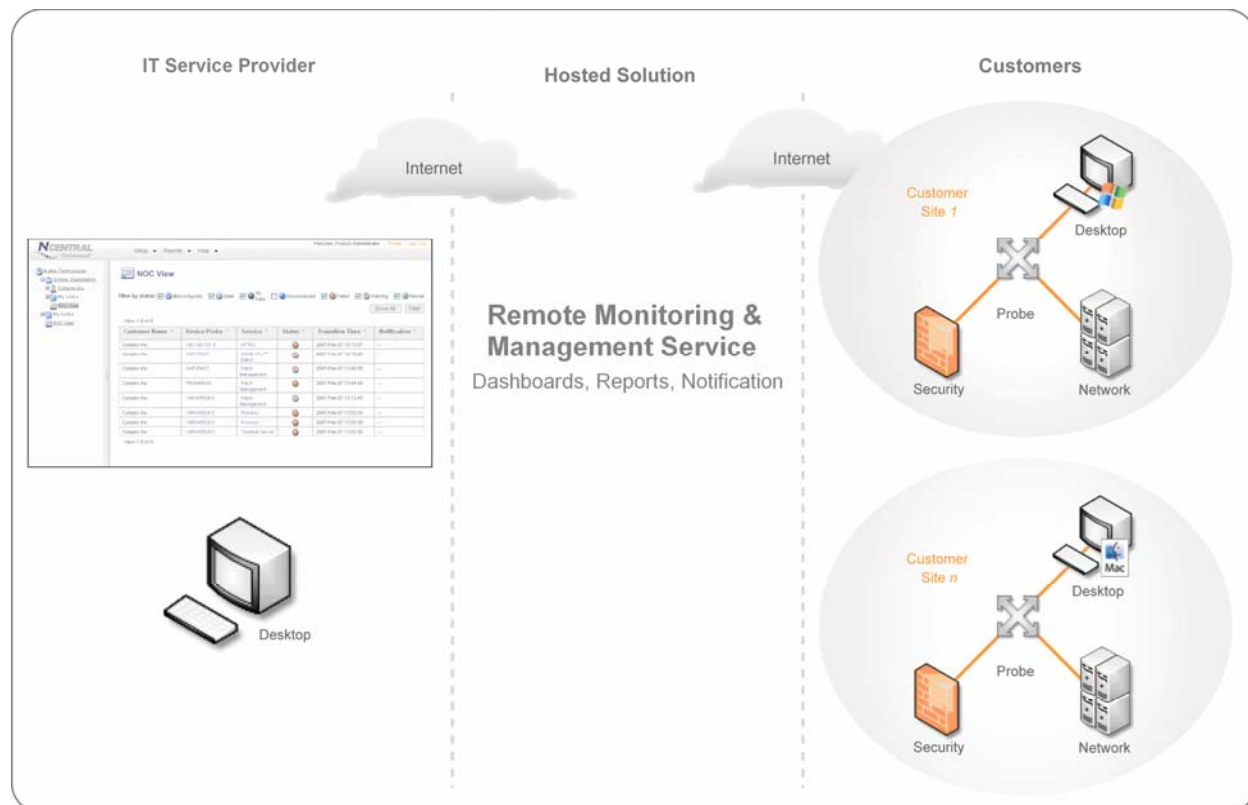


Figure 1 The required system technology architecture for the delivery of automated IT services and managed services.

For a solution to be effective, it must allow you to monitor and manage any network or desktop device, application or service quickly and easily — from one central Web console. This functionality allows you to extend the level, range and quality of the service you are offering to your customers. A key requirement is that it include security features to protect the integrity of all information passed to and from the solution and the devices it is used to manage. Ensure that the system delivers 24x7 monitoring with service support provided through proactive status, notification and performance reporting for capacity planning and predictive analysis.

Advanced Remote Support

No remote monitoring and management solution is complete unless it has advanced remote management capabilities for true remote PC and server support. It should enable you to manage your customers' devices, in real time, while users continue to work without disruption. Seek out a solution that allows you to control, manage and gather information from remote computers, providing functionality that includes:

- Point-to-point file transfers
- Starting and stopping services
- Support agent chat
- Command prompt access
- Detailed service and process information

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- Event logs, registry and local disk manipulation
- Detailed “real-time” performance and capacity status

Features checklist

The table below provides a quick checklist of important features that you should look for when choosing a remote monitoring and management solution.

Key Features	Capabilities and Benefits
Remote monitoring	Gain a competitive edge and increase your profitability by monitoring more devices, more services and more operating systems than your rivals can handle.
IP network monitoring	Automatically discover devices on a customer network within a specified IP range, allowing you to quickly build an inventory of devices to monitor.
Windows network monitoring	Automatically discover devices on a customer’s Windows network, allowing you to quickly build an inventory of devices to monitor for: application compliance, connectivity, CPU, disk and other factors.
Fast, easy deployment	The solution should include wizard-based startup and simplified steps to get up and running in minutes.
Flexible Web-based administration	The solution should employ Web-based dashboards to view multiple customers, each with multiple devices, operating systems, applications and services.
Alerts	The solution must be capable of alerting your technical staff to warnings or failures. It should be configurable so that you can ensure that alerts are issued based on thresholds you define. Alert methods should include SMS, email and pager.
Remote domain policy management	The solution should allow you to easily manage the customer domain by creating configuration profiles and applying them automatically to the devices at the customer site.
Remote desktop and server control	The solution must offer powerful remote management functionality that enables you to access, control, manage and gather information from remote computers.
Patch management	This is the single most effective precaution you can take to secure customer networks. The solution you choose should support scalable, cost-effective patch management.
Security	The solution should have state-of-the-art features to keep your customers’ IT infrastructures secure and running smoothly. It must be capable of monitoring and managing security appliances and applications as well as antispam, spyware and virus services.
Asset and license management	The solution should enable you to manage customer networks using critical information such as application compliance, license compliance and system changes.
Automatic script execution / scripting	The solution should be capable of deploying scripts and software

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to update and maintain customer devices. It should remotely run batch files or Visual Basic scripts on multiple devices. As well, it should allow you to import software installers and configure them to deploy to and install on multiple devices.

Intel® vPro™-based PC management

The solution should interoperate with, and leverage the functionality inherent in, Intel® vPro™-based PCs. This integration will allow you to maintain and repair Intel vPro-based remote PCs even if they're powered off, the OS is down, management agents are missing or the hard drive fails.

Tactical operational reporting

The solution should simplify troubleshooting and value delivery by generating reports that provide insight into your customers' infrastructures and ongoing incidents.

Business performance reporting

Premium solutions, such as those that are server-based, should include deep business reporting functionality that allow you to demonstrate the performance of a customer's IT under your management and the value of the services you deliver.

Interoperability

The solution should leverage IT service automation tools to increase your productivity and competitive differentiation. It should be interoperable with leading professional service automation (PSA) tools that deliver a dramatic return on investment by automating time-consuming manual activities.

About N-able Technologies®

N-able provides the #1-rated remote monitoring and management solution for IT service automation.. Our software is used by thousands of IT companies globally to deliver cost-effective and highly profitable services to small- and medium-sized businesses. N-able key benefits include reduced service delivery costs, increased technician productivity and greater revenue potential from the additional services N-able positions you to deliver. As a pioneer in IT services automation, N-able has focused on providing industry-leading software backed by innovative business, sales and marketing support. N-able maintains operations in North America, the U.K., Asia-Pacific and Australia. www.n-able.com

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