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Managed services maturation increases pressure to differentiate

As the concept of managed services becomes commoditized, some technology solution providers look to new services, such as hosted IP telephony, to set them apart from the competition. Others use managed services offerings to weed out unprofitable customer relationships.

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Let's be clear: The definition of managed services still differs from solution provider to solution provider. Some, like Guy Baroan, president of SMB solution provider [Baroan Technologies](#) in Elmwood Park, N.J., used the basic MSP model of providing remote management and other services to create a range of repeatable offerings that govern all of the company's relationships.

"This is the way that we are approaching any new business," Baroan said. "We are only working with clients that are OK with doing managed services. We will not pick up anything that is break-fix. In a break-fix model, every service is reactive, it is always an emergency. ... If someone is serious about their technology, they will be willing to invest in proactive monitoring and maintenance."

In the past year, Baroan Technologies turned down clients that didn't want to operate under this model, he said.

Likewise, New York-based [Lloyd Group](#) will only sign new customers willing to outsource management of their end-to-end technology strategy. Lloyd Group CEO Adam Eiseman said the only time his company will stray into project work is if it is strategic to future offerings.

Eiseman also distinguishes Lloyd Group by building a consulting practice focused on solving business process issues and workflow challenges through technology. For example, his team is helping a healthcare services company build procedures and applications for help desk and customer relationship management.

"Nobody has really brought the benefit of [McKinsey-type management consulting](#) to the smaller company," he says. "That is what we are aiming to do."

Going beyond with managed VoIP, managed print services

Traditional network and data center hosting services have dominated managed services models over the past several years. So, another way managed service providers (MSPs) can set themselves apart is by offering managed services focused way beyond the traditional network and data center hosting services.

"There is an absolute need for differentiation," said David Bennett, president of IT solution provider [Connections for Business](#) in Hollywood, Fla. "Folks are starting to explore things like VoIP to get away from premises-based phone services. Managed print is a much hotter topic. Folks are looking to evolve and

differentiate so they aren't part of the me-too crowd.”

Connections for Business is evaluating the implications of adding a VoIP service to its line-card by partnering with a company that is focused entirely on this sort of service. Bennett believes offering his customers hosted VoIP will result in much stickier relationships, and he is studying a series of integration services that would tie the service into applications that his company already offers.

But the challenges are not trivial. Not only are service-level agreements associated with hosted VoIP demanding, but the billing is tricky as well. In Florida, for example, every county uses a different tax basis to assess phone service fees. Connections for Business is weighing a move into managed VoIP services and will decide whether it makes sense to offer them within 90 days.

“I need to understand how I can create more value using VoIP and make sure that my client understands this,” said Bennett.

Rory Sanchez, CEO of [SL Powers](#), a technology consulting firm in West Palm Beach, Fla., said VoIP is the next logical step in the ongoing migration to managed services. But his company has made a conscious decision to sell its managed service only over dedicated connections that let SL Powers minimize network jitter and keep tighter control over service levels. “You really do have to have dial-tone-like reliability to do this,” he said.

Baroan, which has offered a VoIP solution for many years, likewise cautioned that offering VoIP as a managed service is a tough proposition from a quality of service standpoint. He advises solution providers to make sure the service foundation for their managed Internet services is rock solid before adding IP telephony offerings.

About the expert

Heather Clancy is an award-winning business journalist in the New York area with more than 20 years experience. Her articles have appeared in Entrepreneur, Fortune Small Business, the International Herald Tribune and The New York Times. Clancy was previously editor at Computer Reseller News, a B2B trade publication covering news and trends about the high-tech channel.

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