



Managed IT Services

Overview, Importance and Benefits

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Introduction

The global IT business landscape is evolving rapidly with the increasing influx of innovative and disruptive technologies.

However, the businesses are overwhelmed by the IT and security demands that come with operating in the modern IT world. Apart from regular patch management and frequent tech upgrades, the IT teams must ensure that the services are secure and follow governmental and regulatory compliance practices.

This caused a high influx of responsibility for the internal IT teams, heightening the lack of time, resources and expertise needed to maintain optimal efficiency and reliability.

At this juncture, **Managed IT Services** emerged as a need of the hour for businesses as a solution to their everchanging business needs.



Defining Managed IT Services

Managed Services or Managed IT Services refers to outsourcing/offloading the organization's IT operations to an expert third-party organization, i.e., Managed Service Providers (MSPs). The MSPs take the responsibility of some or all sorts of IT needs including infrastructure, applications, security, and maintenance, among others.

Why Managed IT Services?

According to CompTIA's 2016 Buying Guide for Managed Services, 64% of organizations are using Managed Services.

Moreover, the global Managed Service market is projected to propel from USD 223.0 billion in 2020 to USD 329.1 billion by 2025, at a CAGR of 8.1%.

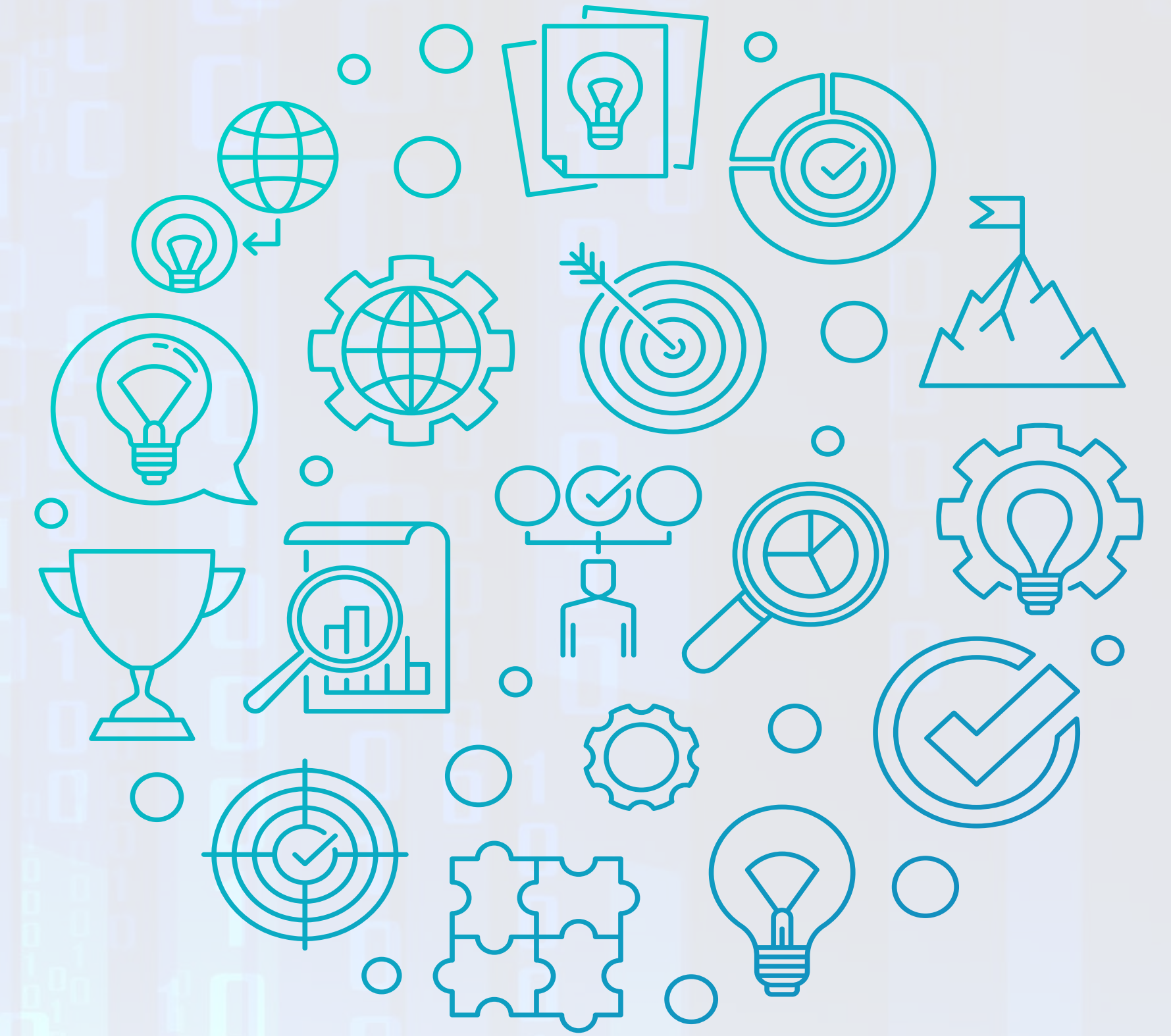
The developed economies like the USA and Canada are the major revenue contributors in the global Managed Services market.



What Factors Made Managed IT Services so Important in US?

Core Business Focus

MSPs take care of all your IT services and processes so you can stay focused on your core business uninterrupted.



Proactive Support

MSPs have a broad range of IT expertise to resolve issues effectively. They employ the latest software tools and processes to proactively monitor endpoints to prevent technical problems before they arise.



Staying Ahead

MSPs ensure that your IT infrastructure is upgraded and updated on par with the latest technological innovations, and helps you stay ahead of the curve.



Improved Security

MSPs put efforts to secure the IT infrastructure of your organization. It's not only about having adequate security measures at disposal but also about defending and recovering against any cyberattack. MSPs are abreast with everchanging and challenging security landscape and bring in the experience and expertise



Even though MSPs provide an excellent option for IT firms to improve their overall IT performance, many organizations, particularly SMBs, consider it as a risky investment.

However, with MSPs, there are a host of benefits that directly translate into cost savings. Managed IT Services help organizations ensure that the right people and the right resources are allocated in the best possible ways. This, in turn, provides financial benefits, regardless of whether you run a large or small business.

Financial Benefits of Managed IT Services

1. Enhanced User Productivity

Annually, the average employee was losing 12.4 hours due to server downtime and 6.2 hours for network downtime. These unplanned downtime costs organizations USD 58,118 for every 100 users. (Source: IDC)

However, Managed IT Services help organizations in reducing server and network downtime by more than 85%.

2. Reduced Infrastructure Costs

MSPs take control of your infrastructure so that you can downsize the on-site infrastructure. Not only the cost of the hardware, but the organization can also see savings related to space, electric power, licensing, training, and consulting.

According to IDC's study, the organizations saved USD 146,801 per 100 users annually just on infrastructure-related costs.

3. Low Investments

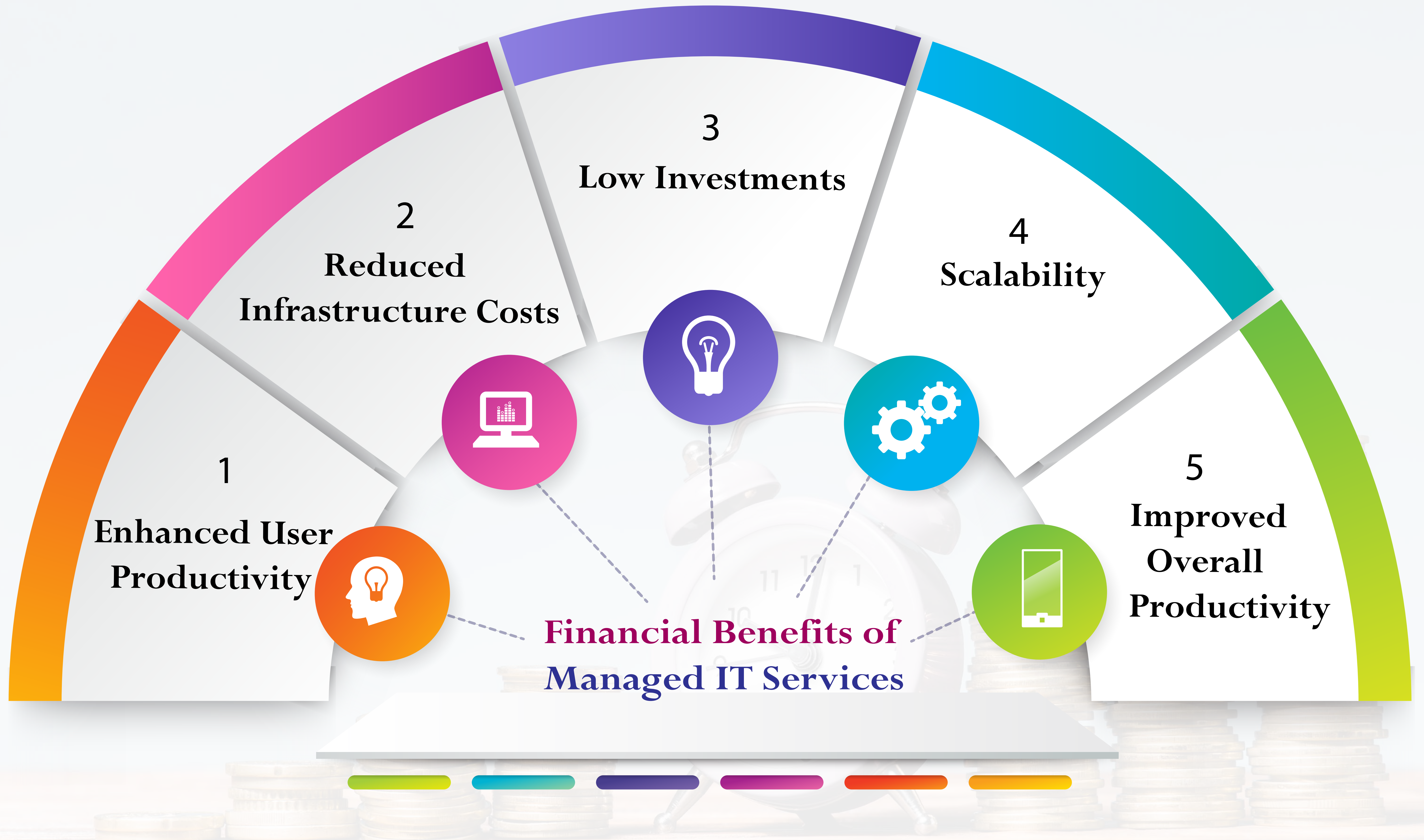
With Managed IT Services, the organization's necessity for the initial investments of technology costs is compromised. As the service is an operational expense rather than a capital expenditure, there is no need for high stakes for hardware and software upfront. You need to pay for the service through a low monthly investment.

4. Scalability

In the rapidly changing digital landscape, businesses can experience a change at a moment's notice. So, the organizations are obliged to scale up and down based on the changing business needs. Managed IT Service provides the ultimate flexibility to the organization to expand and contract as and when needed.

5. Improved Overall Productivity

Managed IT Services create a reliable, scalable and well-supported IT environment that helps in improving overall business productivity. According to IDC, the organizations with Managed Services came up with an annual benefit of USD 229,511.



ROI From Managed IT Services

While cost savings are perceived clearly from the above-mentioned section, Return on Investment (ROI) is still an important aspect to know.

According to the study by IDC, the organizations spent USD 274,326 per 100 users. They received benefits worth USD 888,085 per 100 users for a Net Present Value (NPV) of USD 613,759. The companies received pay-back in under six months and an ROI of 224%.

$$\text{ROI} = \frac{\text{Net Present Value (NPV)}}{\text{Investment}}$$



Even though Managed IT Services offer a host of lucrative benefits, the companies should first assess '**In-house IT vs. Managed IT**' and determine which solution suits best.

In-house IT vs. Managed IT

In-house IT

Advantages:

- The businesses have ultimate control of the crucial business data
- Eliminates the risk of third-party security breaches, cloud downtime and any other business threats
- Facilitates the availability of immediate support whenever the need arises
- The internal IT team will develop an in-depth knowledge of the firm's internal infrastructure and systems

Disadvantages:

- Managing expenses is an uphill
- Unavailability of internal IT team can hamper productivity



- Smaller companies become overly reliant on a small IT team, which could lead to complications
- Managing own IT is entirely on the hook for the costs, maintenance and support of the hardware and software

Managed IT Services

Advantages:

- The businesses can see on-site resource savings related to floor space human resource and infrastructure, among others

- MSPs provide Service Level Agreements (SLAs) which further secure your interests in the deal as you're covered legally for varying needs
- MSPs offer a broad scope of services which can address your business needs that can change with time
- MSPs offer value-added services that go beyond managing networks. They take responsibility for managing infrastructural spending and optimizing resource utilization.
- The client will have the assurance of quality service on par with the SLA
- Replacing an MSP is easier than replacing the internal IT team if the offered services are below the expectations

Disadvantages:

- As Managed IT Services are provided remotely, they escalate the need for extensive cloud infrastructure
- One of the significant issues with Managed IT Services is the availability of MSPs when needed

Conclusion

IT support team has become a non-negotiable investment in the present days. However, it should not be an investment that causes a dent in other crucial business investments.

Implementing Managed IT Services should positively impact your cost/profit margins.

So, it's imperative to take the time to find the **right Managed IT Service Provider (MSP)**.





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