

The MSP's Guide to Co-managed IT



Introduction

Managed service providers (MSPs) play an important role in helping their small and medium business (SMB) clients implement and scale their IT operations, acting as their advisor for all things IT. But how can MSPs help businesses with more established IT infrastructures? The answer is co-managed IT services. MSPs offering co-managed IT work in partnership with a client's internal IT team to help them reach their goals and objectives.

This eBook provides an introduction to the co-managed IT model—what it is and how it benefits MSPs and your clients. MSPs that have embraced this approach share how they sell the value of co-managed IT to clients and what it takes to partner with an internal IT team successfully.

Top reasons for supplementing IT under a co-managed IT model:



Complexity 58%



Skill gaps 52%



Cost benefits 50%

What is co-managed IT?

Co-managed IT combines the benefits of having an internal IT team with the support, industry knowledge, and experience of an MSP.

The realities of remote work, increasingly complex technology, and rising cybersecurity threats have created an urgency for companies to augment their internal IT teams. In a co-managed IT environment, a company partners its internal IT teams with an MSP to fill gaps or focus more on their core competencies and strategic objectives.

The objective of a co-managed approach isn't intended to replace a company's IT team, but to complement them in a partnership to address pain points, supplement their gaps, improve client IT productivity, and provide value-added IT tools and services.

Partnering with a company's IT team can create the best of both worlds for both the SMB and the MSP. The SMB's internal team can focus on strategic initiatives and the MSP's team can focus on the nuts and bolts of day-to-day IT priorities like backup, remote monitoring, reporting, and data protection.

How managed services differ from co-managed IT

Co-managed IT services and managed services require a different approach.

Here are some tips on curating your approach.

- **Build relationships and trust with internal IT teams.** Buy-in with internal IT is critical. Success is built on trust, so it's essential the internal IT staff understands you are trying to help address their pain points and are not there to replace them. Focus on the needs and results of the client—their productivity holds your key to success.

“In a co-managed model, you have to be more than just a vendor and offer something beyond what their internal IT team can, you become part of their team—an extension. You have to let go of the ego and work alongside their team. It’s also important to be kind and offer a high level of professionalism.”

-Karen Giles, Syntech IT

- **Provide your clients more than they have today.** Meet the requirements of your client’s team. Build customer value by sharing your services, tools, methodologies, and portals such as service desk, documentation management, remote monitoring and management, backup, and business continuity and disaster recovery.
- **Minimize uniqueness between client offerings.** Though clients all have unique challenges and requirements, offer valuable services in a standardized or repeatable process in order to maximize your profitability and scalability.
- **Provide clear ownership of work.** To avoid finger-pointing between teams, establish strong governance, well-documented processes, and responsibility assignment matrix charts.
- **Advice is free—or built into your monthly bill.** Your MSP and the internal IT team are one and the same, working towards the same goal. Co-managed IT is a partnership and what better way to build relationships and trust than to provide valuable insight and advice when needed? Build it into your offering so you’re getting paid for your value.

How co-managed IT benefits MSPs and SMBs

Co-managed IT, when done the right way, is mutually beneficial to both the MSP and the client. It allows MSPs to grow their business and takes the pressure off of the SMB’s limited IT resources and enables them to focus on important business priorities. For example, if your team handles the security and compliance strategy while the internal team rolls out a new ERP or CRM system, the business can accomplish both goals while avoiding the burden of hiring new staff or training employees in new technologies



Companies that choose the co-managed IT path cite security issues (45%) and managing multiple clouds/technology stacks (42%) as key drivers for complementing their IT team with additional expertise.

Benefits of co-managed IT for MSPs

- **Win new business:** Generate new recurring revenue and expand your client base
- **Strengthen relationships:** Work collaboratively to provide valuable strategic guidance that increases reliance on your expertise and services
- **Skills are complementary:** MSP offers expertise the internal IT doesn't have and you work together to address any gaps
- **Focus on your areas of expertise:** Provide high-value service offerings like security and backup systems

Benefits of co-managed IT for SMBs

- **Increased productivity:** IT support is available even if in-house staff is on vacation and can provide tools and resources for in-house staff to use
- **Focus on core competencies:** Division of labor allows internal IT staff to dedicate more time to core competencies or other business priorities of IT expenses as well as lower overall IT costs and reduced overhead
- **Increased security:** MSPs focus on IT and security so they are on top of the latest threats, and have the time to find, vet, and build better security options to alleviate that burden from in-house staff
- **Insight:** Similarly, MSPs are familiar with technology, IT environments, and best practices, and can offer a different perspective on how the business can use technology effectively to meet its needs

How to get started with co-managed IT

The best way to get started if you're looking to add co-managed IT to your service offering is to widen your scope of prospective clients to include companies that may have small internal IT teams already in place.

“Trust needs to be established so internal IT teams understand that we’re not trying to replace them. We are there to provide overflow services and services that their IT staff may not be trained on or don’t have the time to provide.”

-Tim Taylor, TaylorWorks

For example, some companies may only need help in managing their helpdesk, maintaining servers, or having access to additional IT staff if their team is overwhelmed with no need for all of the services and tools that an MSP has to offer. By co-managing IT, it provides MSPs with a great opportunity to initiate new client relationships and build a trusted partnership.

There are a number of ways co-managed IT agreements can be structured. The most likely approach is for the MSP to take over the management of some aspect of the clients' IT needs. For example, a company might contract with an MSP to gain expertise and support for IT security. Or, they might outsource business continuity and disaster recovery to an MSP that offers those services.

Clients gain access to the skills and knowledge they don't have (but need) as well as supplemental IT resources, without having to recruit and train new staff members. Work to meet them in the middle with a solution set and fixed price that works for both parties. This predictability in cost will give them more flexibility to invest their money elsewhere in the business.

When it comes to co-managed IT, there is no one-size-fits-all approach. Each client will have different challenges on which they need an MSP to focus.

When building out your co-managed IT offering, specialization can be a good approach. Look for opportunities where your expertise can offset the business's needs and complement their internal IT team's skill set.

Best of all: MSPs adopting co-managed IT don't have to reinvent their offerings, but rather, rethink the way they offer them to clients, and ultimately, capture more business.

“Flexibility is key. We will offer any level of service—as little or as much as a client may need. MSPs need to be willing to provide more services if asked or one service. Often providing one service and doing a good job at it will lead to being asked to provide more services.”

-Tim Taylor, TaylorWorks

The technology needed for co-managed IT

Just like with any client relationship, it's important to assess what the client needs to meet business objectives. The technology need is highly dependent upon what the client asks an MSP to provide. Generally, clients may have a need for BCDR, patch management, service desk, consultation services, on-site and remote hardware support, and cloud backup. For clients with equipment in data centers, providing security infrastructure, including rack, firewall, and VoIP should be considered as part of your co-managed IT offering.

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Tim Taylor, founder of Florida-based MSP TaylorWorks says, “Backup services like Datto's BCDR tools are the easiest to sell in a co-managed IT scenario. Other services like server and workstation maintenance can be provided with RMM tools. In a co-managed environment, if we provide help desk services, we allow the client to access their tickets and work on them as they see fit. You have to be open to working the way that a client wants if you're going to provide services as a co-managed IT offering.”

“Trust is paramount. In a co-managed model, you have to keep building upon the relationship and show the internal IT team the value and make sure they know it’s a partnership.”

-Adam Warren, Aabyss

Adam Warren, Chief Information Officer at Aabyss, Liverpool, UK-based MSP likes that they're able to help clients expand their use of technology by providing them with insight. "RMM enables us to effectively manage all computers remotely, but most internal IT teams don't have any technology like that. Co-managed IT is a way for them to gain access to these valuable tools."

Once service arrangements are determined or products are implemented, Taylor does caution that "there does need to be a clear delineation of who provides what service so there is no confusion about what to do or who to contact if there is a problem."

Conclusion

Deciding to offer co-managed IT agreements does require careful consideration. It's a different sales approach—one that will take longer and may require more marketing effort. But it's worth it in the long run, as it enables you to showcase the value you can deliver and puts you in a position to offer strategic guidance and shape a client's IT strategy.

This isn't about selling a product—it's about helping clients navigate a fast-changing technology landscape in a thoughtful, proactive way to help them grow and maximize their technology investments. It requires building trust and a deep understanding of the client's industry and their business needs—asking lots of questions, listening closely to the answers, learning their current systems, and offering practical advice about what technology could work better to meet their needs. It's the kind of relationship that often results in fierce loyalty and pays dividends for years to come.

“To make a co-managed IT partnership successful, you have to take the best of what you do as an MSP and allow the internal team to be the best they can be. Stay focused on the service agreement you've made with the client and be clear about how you can accommodate their existing investment and grow with them.”

-Adam Warren, Aabyss

Business partnerships that are built for the long haul start from a place of trust and collaboration. With a co-managed IT model, there's room for both an MSP and an SMB's internal IT team to do great work together. It enables both teams to specialize in what they do best to help a business scale and effectively utilize technology while incorporating flexibility to increase or decrease their IT investment, as needed.

For more resources on how MSPs can best serve their clients with co-managed IT, visit comits4msps.com.

Sources

[CoMITS4MSPs.com](https://comits4msps.com)

[CoMITS Facebook Group](#)

[Bob Coppedge YouTube - What makes a good Co-Managed IT vendor](#)

[What is Co-Managed IT and How It Can Help Your Business](#)

[Datto SMB IT Trends Study](#)

[Datto partner interviews](#)