

EBOOK

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Break-Fix to MSP

Tips from MSPs who successfully made the leap





Moving your business model from break-fix to managed services can feel daunting. It can be a tough sell to your current clients, who are used to paying for services on an hourly basis, rather than by subscription. It also requires a cultural shift within your organisation, which could be a struggle for engineers who are comfortable in the break-fix world. If you've built a career in the trenches, or "turning the screwdriver" as described by one Datto partner, then the proactive, remote monitoring of client environments may not come naturally. However, for many IT professionals, the benefits of the managed service model long outweigh the difficulties faced getting there. Recurring revenue, improved time management and the ability to plan for growth dramatically reduces the uncertainty from delivering reactive services. But don't just take our word for it. For those of you thinking about making a break from the break-fix life, we've pulled together a caboodle of field-proven tips and best practices from a panel of experienced MSPs who've been through the change themselves.

CHOOSE THE RIGHT TOOLS

First, you'll want to determine the specific services you want to provide. If you already have a variety of break-fix clients, you've likely developed expertise in a number of IT disciplines. This may shape your decision-making process. Or, if you've already developed a vertical niche from which you work within, the needs of that specific vertical might dictate the services you offer. "We get to know our clients and work with them in a consultative way so they can achieve their business goals," says Colin Blumenthal, Managing Director of Complete IT.

Some common IT managed services include:

- Monitoring
- Help Desk
- Network/System Management
- Security
- Storage
- Backup and Disaster Recovery

Delivering these technologies as managed services requires a major shift in your day-to-day operations. As an MSP, you will be responsible for proactively monitoring the health of the technologies behind the services you offer. When evaluating products for your clients, make sure to consider the strength of the technology vendor. It is essential that the product is going to be supported now and for the foreseeable future. Jumping onboard with an unproven vendor is unlikely to end well. Next, be certain that the vendor understands the managed service concept. You need to determine whether they have a legit partner program.

Paul Tomlinson, Managing Director of Mirus IT, says he only works with vendors who are “highly engaged with the channel and help us grow their market share.”



RMM and PSA software

Remote monitoring and management (RMM) tools are designed to monitor your clients' IT systems and report on performance. RMM software also allows you to remotely trigger management tasks—such as patching or other software updates. Professional services automation (PSA) software is designed to automate management of client projects.



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Most managed service providers agree that these tools are essential for delivering IT as a service. "It helps us keep close tabs on the client systems and alerts us to issues," says Craig Atkins, Managing Director of 1-Fix Ltd.

RMM and PSA software integrate with a variety of IT tools, including SaaS products, desktop and server management software, backup and disaster recovery products, storage management tools and security software. As with any technology, it is important to be certain that the tools you choose are compatible.

At a general rule, you should look for RMM and PSA solutions that are tightly integrated. Remember that that integration goes beyond just the RMM and PSA software. An ideal situation for any engineer is a 'Single-Pane-of-Glass'.

Look for integration with products that you currently have deployed (both in-house and in client environments). "We tend to re-evaluate on a yearly basis, as there are so many new and dynamic products coming out," says Atkins.

WORK OUT A PRICING STRATEGY

Developing a pricing strategy can be tricky for MSPs. Monthly pricing is typically determined on a per-device, per-GB or per-user basis. Additional one-off projects outside of the agreement are billed separately. This is really just the starting point for developing a pricing strategy. There are a variety of other factors that are important to consider when it comes to pricing your services.

New MSPs often price services based on their competitors' rates. However, rates vary widely. Data from Kaseya's 2016 Global Pricing Survey shows average monthly service contracts vary from £750 - £10,000.

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Sometimes it's better to just look at your business' costs and determine the margin you want to hit. Your fees should be based on those numbers. "Embrace the cloud and focus on covering overheads every month through recurring revenue services," advises Tomlinson.

"My tip here would be to offer three choices, and ensure the middle option is your most profitable. Psychology means most people tend to pick that one," Atkins suggests, "although all plans should be worthwhile to you."

Support costs can vary widely from client to client depending on their specific needs. Consider the technology the client already has in place. If a customer has dated technology, it will take more effort to support them - and they may not be willing to upgrade.

"In the first year of transition we turned away over £50k of undesirable work - but this enabled us to use engineering time more effectively, and acquire better customers who have more budget and provide a predictable revenue stream."

DEVELOP AN MSP CULTURE

One of the biggest challenges businesses face when starting to deliver managed services is related to staffing. Many engineers who cut their teeth in the break-fix world struggle to adapt to the MSP model. As noted above, delivering managed services is all about being proactive. When you've spent years driving to customer sites fixing problems as they emerge, sitting in your office monitoring clients IT remotely can feel completely foreign.



What sort of businesses do you want to support?

“Finding people with a broad range of skills you need within an MSP has always been tricky,” says Tomlinson, “we’re working hard to develop our superstars of the future to grow our talent in this area.”

Look for an individual whose personality and ethic fits your business - as these traits can’t be taught. Most other skills can. “Complete IT produces a training prospectus every six months for in-house training,” explains Blumenthal, “and we regularly work with vendors on training days. Each Helpdesk and Technical Consultant has goals to pass vendor exams and given both time and support to pass these.” Plus, there’s the added challenge wherein MSPs must “recommend and educate rather than ‘sell’, as we are as much a consultative business as we are a technical one.” Business AND engineering acumen is a must for all customer-facing members of the team.

FIND THE RIGHT CUSTOMERS

This, of course, means converting existing break-fix customers or generating new business. In either case, there are a variety of things to consider. What sort of businesses do you want to support? “The right customers for us are those that share our values, and understand what we can do to help them,” says Atkins.

However, converting break-fix customers to managed services can be challenging. A recent conversation in Datto’s new partner forum illustrated two different, but successful approaches for transitioning to managed services.

“We actually split out MSP from our break-fix ([Decatur Computers](#)) by creating a whole new company,” wrote Brendon Traxler, COO of Illinois-based [Network Solutions Unlimited](#). “Except for C-level executives, there are no shared employees between the

two companies. We have tried to brand the businesses separately—each reaching a different market share.”

“In my experience, the slow transition from break-fix to MSP worked well, and it gives your staff time to adjust,” wrote Steve Weeks, president of Vancouver-based [Netcetera Consulting](#). “We started to make the transition to managed services by adding MSP components like e-mail filtering, backup and disaster recovery, monitoring, etc. Then, we converted a couple of existing clients over to managed services.”

Generating new business

Although they work mainly through referrals and business associates, 1-Fix Ltd utilise inbound marketing to find new business. “This basically means generating content via social media and email to bring prospects to our website,” says Atkins.

But choosing the right message is vital and often overlooked. At Mirus IT, they have a great approach. “Many MSPs sell services explaining what the technical element of the service is, but they really should be leading from the business problem - like ransomware - and sell the solution to that problem.”

However, marketing is a constantly evolving project. Tomlinson comments that “differentiating yourself clearly can be difficult, as the tools we buy are all similar and the processes are hidden in the background. We’re in the process of reviewing our marketing so it shows more about us, and the personality behind the business.”

CONCLUSION

Taking the leap from break-fix to MSP is not a simple process. There are many challenges along the way, but the good news is you aren't alone. Tomlinson, Atkins and Bluementhal all said that networking with fellow MSPs was extremely helpful when they were building their businesses. There are many opportunities to network with peers. Industry conferences, held by vendors of RMM and PSA software, are great opportunities for meeting and picking the brains of those who have already been there and done that. Even better, join the 250+ MSPs attending DattoCon EMEA each year, where you will connect with industry-leading vendors, network in casual environments and learn successful go-to-market strategies, pricing structures, and best practices.

There are also a number of industry groups dedicated to spreading knowledge among MSPs. For example, CompTIA offers a variety of educational and networking opportunities.

Take whatever opportunity to learn from peers that have already found success with managed services and avoid making the same mistakes they did, such as reading this eBook. Look at you, you're already on your way!