

Operational Excellence

Moving up the MSP Value Stack

Certified MSP Coach

Tony Williams

Introduction

- Tony Williams was CTO and COO for RIATA Technologies
- 2010 acquired by White Glove Technologies
- Served as Director of Operations for White Glove until 2012 when we were acquired by MindShift
- Grew RIATA to \$7M, 38 employees
- White Glove grew to 125 employees, 5 locations, \$22M
 - 467 MRR Clients, 14,000 service tickets per month, average response time of 17-27 minutes.
- 2014 voted one of the Worlds Top Executives, Entrepreneurs and Executives by MSPMentor

Welcome to MSP Town!

Our tools
are the
best!

We are
proactive!

We have
great
people



We're
trusted
advisors

What's Happening in Today's MSP Model

- Crowded
- More mature
- More technology that is more affordable
- Price becomes a selling point
- “We Do That” world

The Result of Market Conditions

- Many MSP's struggle with MRR sales
- AISP too low
- Average profit margins are flat
- Low leverage

MSP Business Model Evolution is Happening Now

- Always evolving, about every ten years we have to repackage ourselves
- Because of market maturation, commoditization and low or average profits are more prevalent
- Evolution is driven by client needs, technical environment change and because our tools are advancing
- We need to remain relevant and be able to make a profit

Next Evolution: Technology Success Practice

- Roles and process aimed at the business Results of technology and technology decisions
- The focus is your customers business results leveraging technology and your ability to demonstrate it

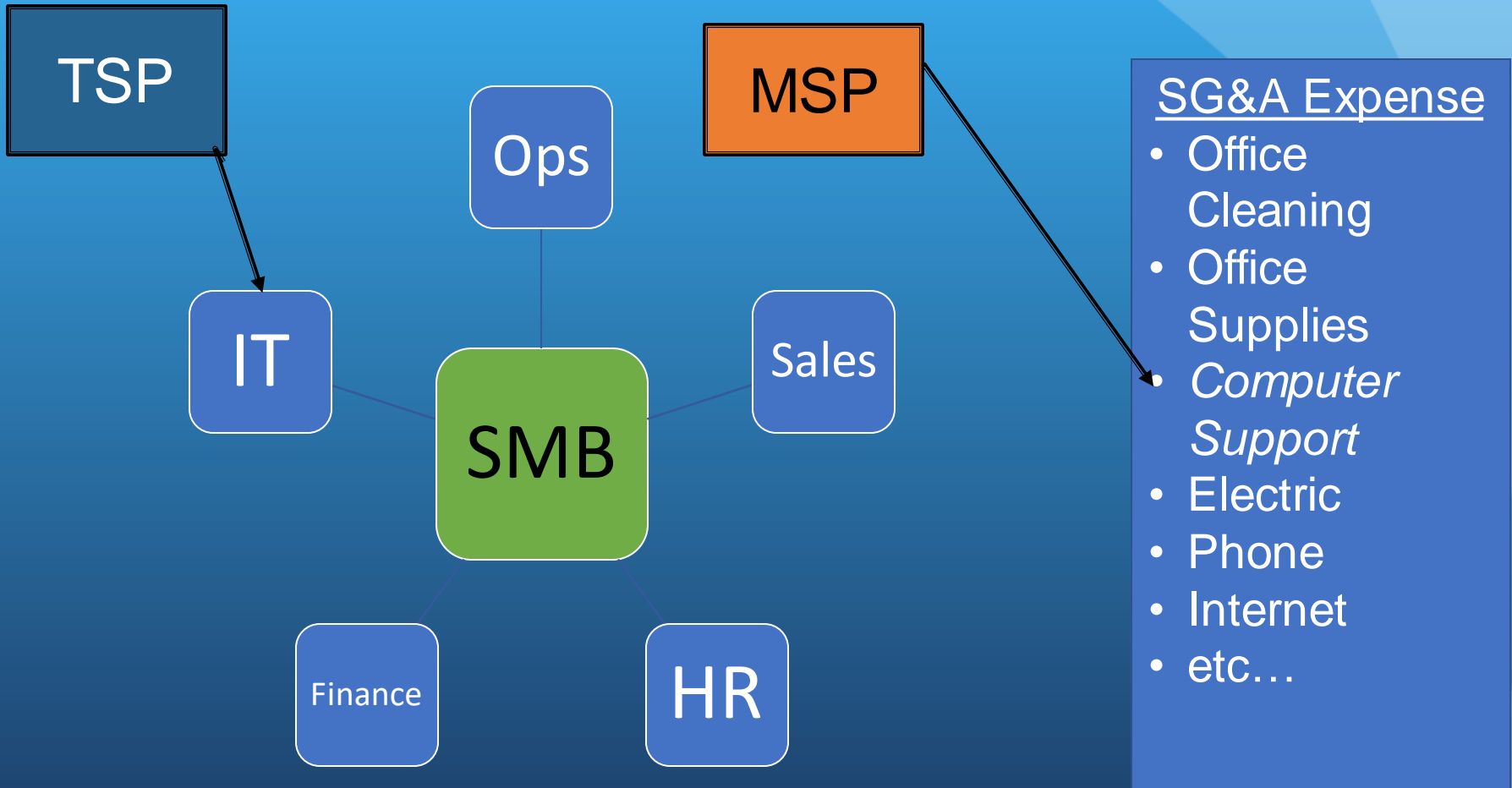
We Need to Deliver Business Outcomes

- Technology needs to support the client's business goals
- They want us to help them make better business decisions concerning technology
- Leverage technology as a competitive advantage
- Impact the big costs in their business
- Reduce growing risks surrounding technology
- Their needs are delivered from the top of **THE MSP Value Stack**

What is the MSP Value Stack?

- Many different variations of the definition depending on who you ask
- All of them agree that moving up the value stack means some sort of separation or differentiator other than low price
- Commanding a higher per seat or per user price based on predictable results and becoming a Business Partner and not a Vendor is key for Technology Success Providers
- It requires the MSP to become World Class at managing your number one resource. INVENTORY of TIME

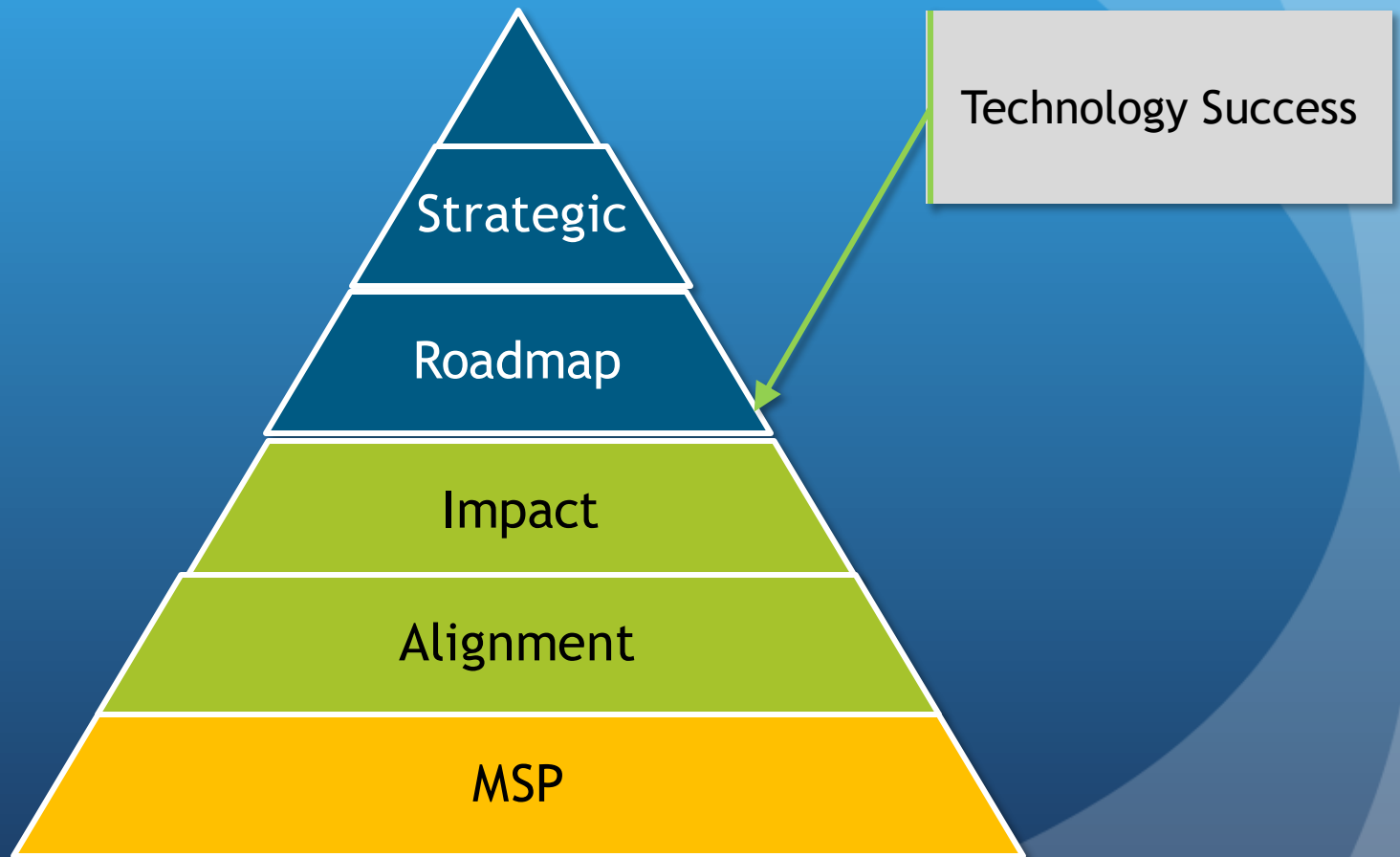
Changing Your Identity and Value



Client Perception and Value

- How do your clients value your services and relationship?
- Are you associated with other professional and strategic services?
 - Attorney
 - Accountant
 - Business Advisor
 - or-
 - Cleaning Service
 - Landscapers
 - Water Delivery Guy
 - A necessary evil

The Value Stack



What's in the Top of the Stack

- Business Knowledge
- Ability to solve business problems with technology
- Business intelligence
- Vertical market expertise
- Long-term technology planning
- Higher skilled staff in all areas
- Dashboard Management Strategy
- Tactical and Strategic KPIs
- Business Planning

Technology Consulting Top of The Stack Service

virtual Chief Information Officer

- Technical to business relationship
- Business Strategy
- Business goals, challenges, risks, vision, core values, competition, competitive advantage, market position, margins...
- Technical Alignment and Business Impact are the foundation

Most MSPs Are This Guy!

virtual Captain Obvious

- They meet with non-DM's
- Their meetings center on ticket reports, SLA's, patch status reports, alarms, hardware life cycle and license renewals

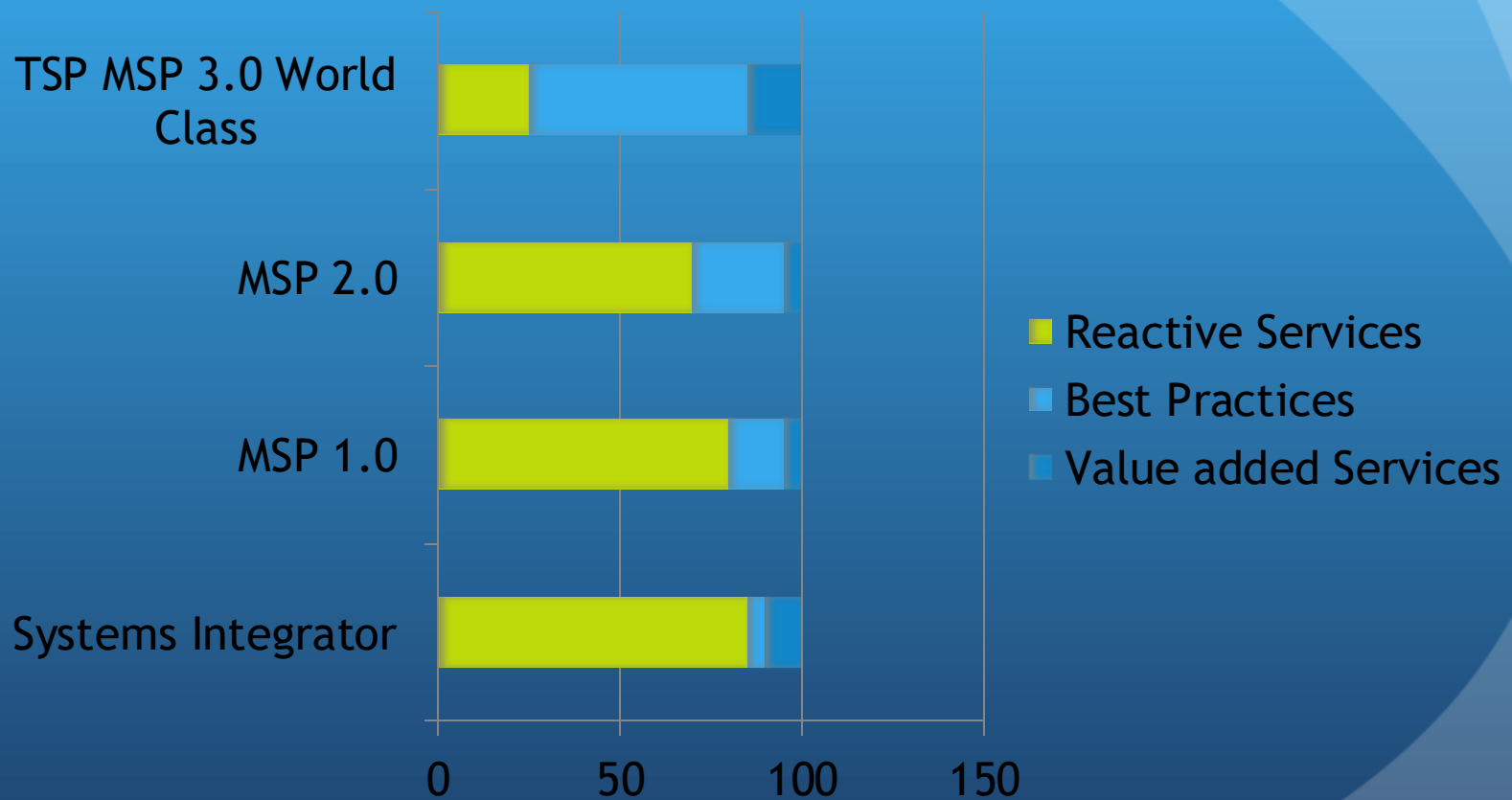
Are You a Virtual Captain Obvious

- Do you have a deep understanding of your customers business?
- Are your recommendations based on results focused technical alignment?
- Do you give recommendations that any other MSP would give?
- Do you meet with a decision maker?
- Do your customers invest at least 30% of MRR in non-recurring services?

Characteristics of a World Class Technology Success Provider

- 15%-30% Net Profits
- Ability to add new Good MRR consistently and have a business development strategy
- Process Driven
- High revenue to head count ratio
- Dedicated roles/minimal bleed-over
- 1-2 agreement types
- Data driven decisions
- Low Reactive Services Time

Evolution of The MSP Inventory of Time



TSP Company Roles

Technology Success Provider Roles



- Centralized Services/Automation
- Proactive Maintenance/Best Practices
- Technology Advisor/Strategic Relationship
- Reactive Services
- Professional Services

Low Value Services are TSP Table Stakes



Technology Success Provider Differentiators



Technology Success Practice



Blob in the Box

- Standards

Your client's
alignment against
your standards

Detailed Role Responsibilities in a Technology Success Provider

- **Proactive Maintenance/Alignment** - One to few management and relationship duties, best practice and alignment responsibilities to a limited client set. Gathering and reporting critical system configurations and performance data and vulnerabilities. 15-20 clients \$50K-\$70K MRR managed
- **VCIO/Technology Consultant** - One to few relationship management, business awareness, possible vertical market expertise, technology road map, budget planning, utilize proactive maintenance data to align technology to clients business goals. Generate an average of 20%-30% or more of total MRR per month in NRR. Manage \$90K-\$125K MRR
- **Centralized Services** - One to many management and alignment duties. Automation of man-hour intensive issues. General security, patching, AV and cloud management. Manage up to 5000 endpoints

Detailed Role Responsibilities

- **Reactive Services** - One to many (250-450 endpoints per FTE, \$50K-\$70K MRR per FTE) Address any client initiated service request in accordance to TSP's brand promise and SLA. Main goal is to close as many tickets as possible as quickly as possible. Can include dedicated Escalation Engineers. Process and Company Way driven, Capable of closing 80%-90% of service requests on first call
- **Professional Services** - Perform project work, new product installations, maintain high productivity, bill between \$17K-\$25K per FTE monthly

Summarize Role Requirements

- Follow the 5 Service Delivery Areas
 - Reactive Services, Proactive Services, Centralized Services, Technical Consulting, Professional Services
- Each role must have a dedicated purpose
 - Every employee fits into a role
 - Each role should be clearly outlined
- Every role should have individual and team goals
- Each role should be accountable on a daily, weekly, monthly, quarterly and annual basis
- Make sure you have the right person in the role

Clients Make a Difference

- You should seek out IT Strategic clients that rely on their technology to drive their business and understand its importance
- There should be an entry level AISP and minimum MRR
- Clients must understand that they are buying into your proven processes and best practices, That is the differentiator
- You have to be able to demonstrate predictable results for a predictable fee and what that means - consistently!
- They must value you as a STRATEGIC PARTNER not a Vendor

Client Strategy

- After we review the business impact of misalignments, the client has two choices:
 - Follow our recommendations
 - Change their expectations & live with the results
- Difference between technical & business conversation (Captain Obvious)
- It's our job to show our client the impact of our technology decisions as a business success factor

Top of the Stack Management KPIs

- There are hundreds of KPIs that can be monitored and managed too but not all of them are necessary to build and run a world Class TSP. A dashboard of critical STRATEGIC KPIs should be created and reviewed weekly
- Each role should have a defined set of TACTICAL performance KPIs that they are managed too
- TACTICAL KPIs are the performance indicators to achieving the STRATEGIC KPIs which are components of a Business Plan
- The three most important Strategic KPIs for an MSP are AISP, Average MRR and Reactive Time Per Endpoint

How do you get to the Top of the Stack

1. Dedicated roles (Especially technology consulting and alignment)
2. Define your service offerings and limit to 1-2
3. Thoroughly train your team on your agreements and their role in delivering services consistently
4. Know your service delivery costs and price your product to achieve a 70% Labor Loaded Gross Margin on Reactive Services
5. Build the confidence to price your services properly and explain the value as opposed to trying to be the lowest priced
6. Build your client portfolio with IT Strategic clients that value and understand your process and its impact on their business

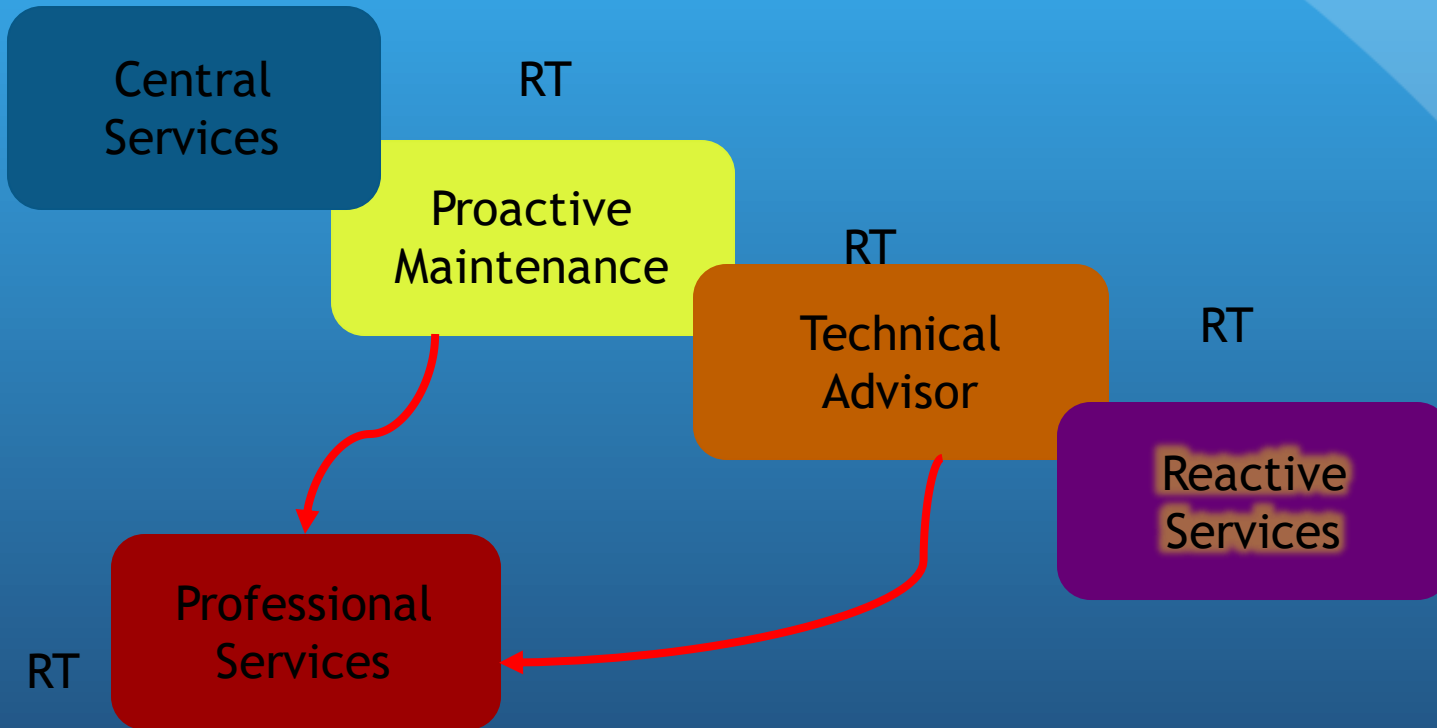
How do you get to the Top of the Stack

7. Become self-sufficient in managing and utilizing your tools (RMM, PSA...)
8. Identify and track strategic KPIs
9. Practice collaboration and communications techniques such as daily huddles, weekly leadership meetings, weekly operations meeting
10. Staff with the right people in the right seats
11. Be process driven in every aspect of the business

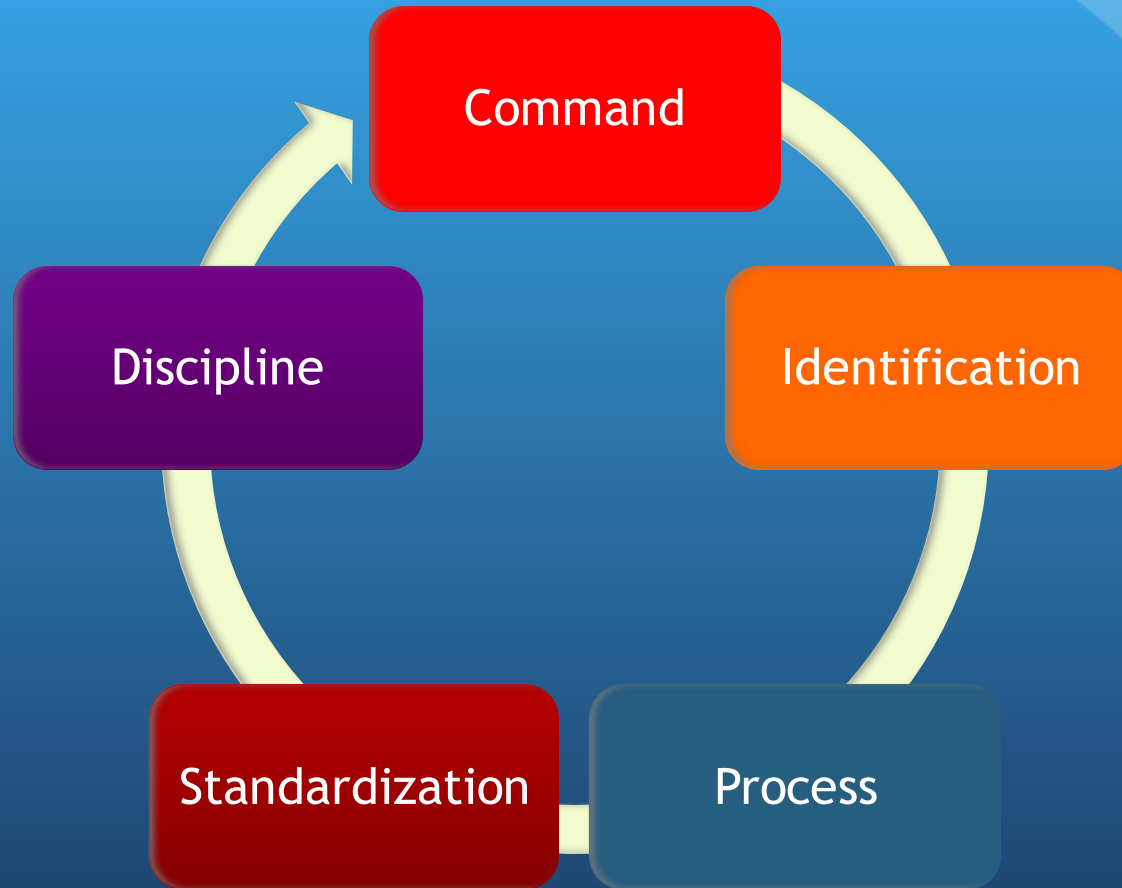
Top 5 Barriers to the Top of the Stack

- Not knowing and understanding your cost for service delivery and your required LLGM (Command)
- No defined roles with performance metrics that are focused on increasing LEVERAGE
- Lack of confidence to price your services right/pursuing the wrong clients/Ineffective business development strategy
- No process in the company or a strategy to manage your Company Way
- Too much REACTIVE SERVICES time

What is the difference between \$60/Seat and \$125/Seat Service



MSP Circle of Life



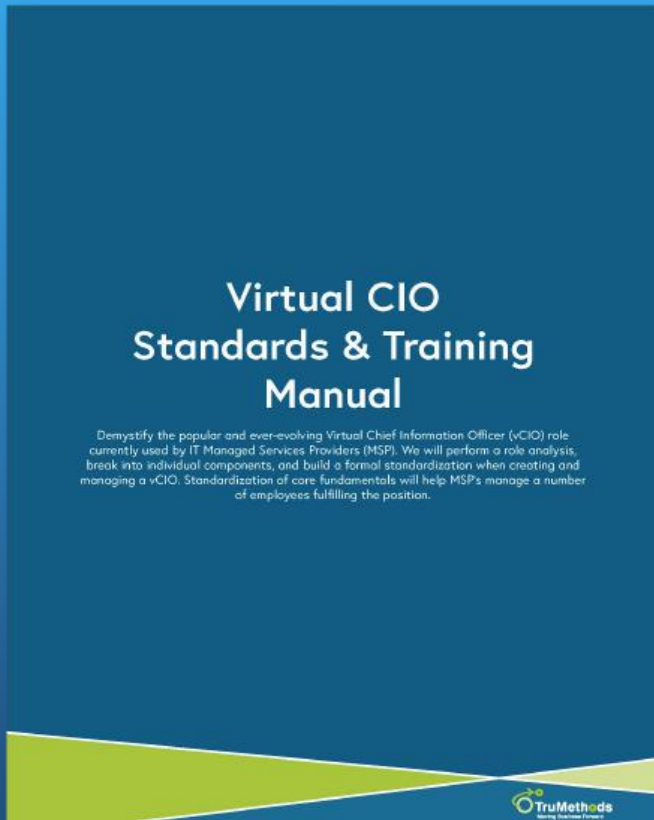
Questions

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Free vCIO Training Manual



- *“TruMethods vCIO Training Manual”*
- 22-page training manual
- vCIO role definition
- Relationship with other service delivery areas
- Standards and Alignment overview
- vCIO process training

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