

White Paper
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Six steps for making your MSP more profitable



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Executive Summary

Due to the tough economic climate Managed Service Providers (MSPs) are finding an increasing demand for their services from companies of all sizes and in all industries. Most corporate IT departments continue to have growing needs for equipment, software and technical staff but many are faced with significant budget cuts. As a result, more companies will be reaching out to MSPs for advice on meeting their IT needs in an economical way.

With many to choose from, how will an IT Director decide which MSP is best to partner with? Some will be swayed by cost while others will be impressed with technical prowess. But a third group of IT executives will select the MSP which shows that they best understand their business and who will support them from a business point of view. These clients are typically larger, more mature companies, the type of client that can be very profitable, so it is imperative that progressive MSPs have an effective plan to attract and lock them in as clients.

Most MSPs have a business model that is fundamentally technical, with everyone thinking in terms of CPU, memory and throughput. They have worked hard to establish the equipment, tools and people they need to serve their current customers' technical needs effectively. This is an excellent foundation, but as an MSP expands to support larger businesses with many servers and devices, important problems can be drowned out and missed. Increased volume usually requires more NOC operators, adding significantly to MSP overhead. In these environments NOC technicians have difficulty understanding the impact that specific outages may have on each of their customers. How can they quickly discern a \$5 problem from a \$50,000 problem?

Having too many monitoring systems is another MSP challenge: One for each operating system, one for each database, one for the network, etc... With so many disconnected systems, it is impossible to have an accurate central view of what is happening to your clients. Of those MSPs that have invested in central console systems, many find them to be cumbersome and overly time consuming to work with. For example: a week or more of technical work is required to set up each new customer. These kinds of problems make rapid, profitable growth difficult. To assure continued profitable growth, changes should be considered to tools, methods, deliverables and to the way that technicians approach their jobs.

More and more MSPs have discovered a new generation of consolidated, centralized monitoring systems that provide MSP employees with a broader more accurate perspective. They enable NOC technicians to put technical problems into context with critical business services and applications. Experience has shown that these advanced systems can significantly improve the services that MSPs deliver to their customers. At the same time they have achieved increased revenues, reduced operating expenses and improved customer retention.


Tango/04 Computing Group is positioned to assist MSPs to make this step into greater productivity and profitability. We are ready to provide you with proven solutions and effective knowledge transfer that will arm your staff with an effective new approach to attracting, selling to and serving more demanding—and more profitable—clients. With its higher level approach to monitoring, applications can be the focus of Service Level Agreements—a much more realistic measurement. The Tango/04 system is easy to set up and to modify. It has an open design and many optional add on components, allowing for integration with other popular tools and monitoring systems.

Growing a more competitive and profitable MSP organization

Managed Service Providers have two common issues—reducing expenses and expanding profits. Tango/04's experiences with our worldwide client base have given us some valuable insights into the day to day challenges confronting MSPs today which threaten the growth and success of their businesses. From these we have compiled "six steps to growing a more competitive and profitable MSP organization". By successfully taking these steps MSPs have an opportunity to dramatically increase their market share, revenue and profitability.

- 1 Give your staff a clear understanding of client architecture and business services so complex problems can be solved more rapidly
- 2 Become more effective at deciding which problems are urgent and which are just important
- 3 Anticipate and meet the expanding needs of your clients (existing and new)
- 4 Establish a more business oriented approach to supporting your customers
- 5 Upgrade your Service Level Agreements so they are easier to meet, manage and verify
- 6 Become more efficient by upgrading and consolidating your monitoring methods

In the following pages we will break down these six steps with background information and explanations of how they will contribute to MSP success.

MSP Success Step
#1 

Give your staff a clear understanding of client architecture and business services so complex problems can be solved more rapidly

The sole focus of many NOCs is watching for problems in servers and other technical components. This limited approach has made these MSPs successful for years—but trends show they are missing an important market and leaving money on the table!

Complexity is the key word. Tango/04 has seen tremendous growth in the complexity of IT infrastructures at all of our clients—large, medium and small.

Every year ERP, SCM, CRM and other critical applications grow more complex and harder to manage. The special interfaces between devices and middleware that connect your clients with their clients and suppliers are among the most important IT services that they have. Most application problems occur in the gray areas between platforms: interfaces, middleware, data transfers, port connections, web links, and time sensitive processes.

Increased complexity means that NOC operators need more visibility into the ever changing architecture of each of your clients' critical applications, processes and services.

The essence of the problem is a technical heterogeneity that remains from an earlier era when computer systems were single platform affairs. In many shops it happened like this: first there was a mainframe or AS/400 and then there was a network—and each required different technical skill sets. Over the years, these areas became isolated silos with names like Windows, Network, Oracle, UNIX, Linux, AS/400, Mainframe, etc... This segregation and isolation of technologies still persists in corporate IT departments and in MSPs—to their detriment.

Companies with more complex IT areas need more from MSPs today. Today's applications have lots of complex integration but few operators have a whole picture view and even fewer can describe precisely how their piece of the puzzle affects the success of a client's critical services. They see components but nobody can see if the integration is working. Worse, the techs in one technical silo rarely talk to other silos. So how can they possibly be sure that a company's most important applications are functioning properly? They can't. An MSP that only watches his server and device health simply cannot see Application Availability because they cannot observe the health of the critical processes that happen within the applications and between applications.

We are not suggesting that you don't need expert platform specialists and their unique tools. Specialists of all types are vital to the successful management of each technical area, but specialization should not continue to define your customer support methodology.

The shortcomings of simpler monitoring systems are clear when NOC operators get called about a problem in a complex application. For example, consider the complexity of monitoring a Supply Chain process where the internet is used to transmit real time information to and from suppliers, shippers and customers. There are many possible points of failure, including communications links, websites and devices. How does the typical operator know where to begin and what to look for? How will they achieve a quick fix? Unless they have incredibly detailed memories of application architecture it is very difficult for them to trace the actual source of a problem. They often have to use 3 or more different tools and need to call in multiple specialists to try to solve the problem. The status of all systems, connections and processes need to be shown in real time. This is why a new broader approach is necessary to achieve more effective monitoring.

If you are not monitoring your client's applications and critical business processes, then you are losing 3 ways:

- 1.- Your operators are not as efficient at diagnosing and solving complex problems. Without a broader view showing all key applications, critical processes and services are functioning and completing normally, **true proactivity is impossible.**
- 2.- Your customers are not as happy as they could/should be. We have found that if an MSP is able to verify that application users (an MSP's ultimate customers) are happy, their customers are happier and more loyal—and their accounts are more profitable.
- 3.- You are losing an opportunity to expand paid services for your customers. Show them how competent you are and charge them more for your better services.

MSP Success Step

#2

Become more effective at deciding which problems are urgent and which are just important

In hospital emergency rooms it is called triage—a method of rapid decision making that is employed when more patients are arriving than they can normally take care of in a timely fashion. With triage they determine who can wait, who is beyond hope and who can be saved with immediate attention.

How do you triage at your MSP? How will the addition of more new clients impact your methods?

The rapidly increasing volume of events from an ever growing number of servers at all customer sites significantly adds to the burden that MSPs have in meeting their service obligations. Servers, whether virtual or actual, are proliferating at an ever increasing pace. Without an advanced way of filtering through the clutter, MSP's risk overloading operators who could then miss critical errors, violate SLAs and anger customers. Is the only answer to hire more NOC technicians?

How can your techs know what elements are truly critical at each of your clients? Your NOC staff is adept at watching large numbers of servers and devices, but how long can they stay at top efficiency? How will they know to solve the \$50,000 problem before the five dollar problem? Is this detail only learned through traumatic experience when angry customers called to tell them everything has gone down? Is it written into one of those little used console notebooks? How will a night operator know what to do?

Larger customers have multiple platforms running their numerous applications which are all sharing, synchronizing and displaying large volumes of information in real time. How do your operators know what services are being impacted when an error occurs? Errors can seem completely disconnected from the main services, but still be critical to the function of a client's business. How will they know that? How do they know what depends on what?

Many of the monitoring tools that are used by NOCs are not sophisticated enough to distinguish between an event that quickly resolves itself with no impact and a similar one that has long duration and high impact. A CPU spike that only occurs for a few seconds is a good example. The event should be recorded for future reference, but real time alarms should be suppressed. On the contrary, alerts must be sent for longer lasting CPU drains that could impact users.

Our clients tell us that out of all the events that can be monitored, only 20% are truly critical and solving them typically takes about 80% of their time. This is why Tango/04 has always emphasized the 80/20 Rule (Pareto's Law). It is impractical and unnecessary to monitor everything. Tango/04 implementations focus on setting up monitors to handle the most critical problems first—an approach that gets the most impact out of your efforts. We expect you to change and grow so we teach a process of continuous improvement that never ends.

Growth is much easier to handle if you have the appropriate tools.

MSP Success Step

#3

Anticipate and meet the expanding needs of your clients (existing and new)

In this time of renewed interest in outsourcing services, it is vital that MSPs keep up with the latest trends in Information Technology so you can anticipate new customer needs and plan ahead.

What unmet needs do your customers have today?
Are they asking for things that you don't provide?
Are they NOT asking for things that you don't provide? (Should they be asking for more?)
What new needs might your customers have in the future?

Security Services to keep the operations under control. We would like to suggest some expanded services that will better support your existing clients and attract new ones:

- Do they need to track access to sensitive files?
- Is regulatory compliance reporting difficult for your customers?
- Would a central security event database help to simplify reporting and event storage?
- Are Security Administrators looking for central dashboards and graphical views of real time status?
- What do clients need to tighten security, prevent fraud, and avoid fines?

End User Experience Monitoring to improve the customer satisfaction

- Can you track your customer's end user experience?
- Do you know if customer websites are functioning?

Real time Information to gain visibility

- Are your customers asking to have displays of real time business KPIs (key performance indicators) and other real time business information? (Info their applications don't provide)?
- Have your customers asked you for real time access to their performance information? SLA compliance, regulation compliance? end user experience?
- What regular reports do they require? Would automatic delivery to an exclusive website be well received?

New services like these could keep your business competitive and at the forefront of your field. Which would help you to attract and secure lots of profitable new clients? What new services would differentiate you from your MSP competitors? Don't you need a partner who will work with you when new unforeseen needs arise? How about a partner who can supply you with some key competitive advantages?

MSP Success Step

#4

Establish a more Business oriented approach to supporting your customers

In the past, corporate leaders saw IT merely as a cost center. Today, surveys from leading analysts show that most business leaders believe IT is at the core of their business strategy, playing an important role in their success and profitability. How can MSPs respond to this trend of IT/Business alignment?

IT outsourcing companies have largely remained purely technical entities, keeping their clients' servers running, handling backups, errors and system upgrades. NOC technicians work remotely so most have never been to their clients' sites and know very little about each business that they support.

“82% of IT Execs believe that understanding the business impact of poorly performing customer transactions is extremely important for their IT staff.”

CIO Magazine January 1, 2009

IT must learn to speak Business! MSPs need to understand that what corporate executives really want: An attentive partner in information technology that truly understands their business and will support their IT systems accordingly.

Rather than focusing on purely technical concerns IT must be aware of business priorities. For True IT/Business alignment IT's focus must be on critical applications, business services and processes. Establishing this kind of advanced relationship requires a more consultative approach by an MSP.

Most MSPs are simply responsible for server performance and availability, but we have found that when critical servers go down it is very important for NOC operators to know the real time impact it will have on a client's business. Wouldn't it impress your clients if they knew that your front line people are fully aware of all the ways that their IT components directly supported their businesses?

Service Oriented Monitoring is an approach that focuses on critical processes and services. When put into practice, MSP employees do their jobs more effectively. It enables each of your NOC technicians to have a central, business and applications point of view for each of your clients. They get vital information on critical processes, services and applications for each client from an easy to understand graphical console so they can accurately prioritize their activities.

Have your customers expressed the need for a more service oriented approach themselves? Probably not, but if they have complex multiplatform environments they will soon discover it has tremendous advantages for them. We suggest opening up a conversation with each of your customers about their Business. It won't take long for everyone to see that a Service Oriented approach will give both the MSP and their clients many advantages.

MSP Success Step
#5

Upgrade your Service Level Agreements so they are easier to meet, manage and verify

As formal SLAs have become more prevalent between MSPs and their clients, it is important to note that there are a variety of ways to define an SLA:

- Some SLAs measure availability based on how quickly a helpdesk issue was resolved. (This is easy to track by the MSP but the NOC staff must take it upon their shoulders to locate and repair all problems ASAP, no matter what the cause.)
- Other SLAs measure the availability of individual technical components, excepting for main tenance downtime. This is easy to track by an MSP.
- Still other SLAs measure the response time of an application or speed of document retrieval. This is easy with green screen applications but what about applications that reside in multiple tier environments?

Our vision is that the third approach is most effective type of SLA because a user's whole experience focuses on availability, speed and ease of use of an Application and the functioning of critical processes. Companies have invested in applications to streamline their business processes.

Users interact with applications—not servers, routers, switches, databases, or whatever. Hardware was purchased hardware to support the applications. Service Oriented Monitoring enables MSPs to offer SLAs defined in the third way—accurately measuring the performance and availability of applications.

Have you ever found situations where all of the technical components are shown as “healthy” but your client calls because their users are complaining, frustrated and unproductive? NOC operators don’t see everything because all they have is device-only monitoring. Because they rely on multiple platforms and complex integration, modern applications cannot be accurately monitored using simple tools. If you wish to track problems in complex applications, then you need a monitoring system that will accurately model applications as they are—with dependencies that span across **a variety of servers, devices and connections.**

An IT Manager recently told us that his company’s system availability is 99% -BUT the application availability is only 80%. He needed to get to the bottom of that 19% discrepancy—ASAP. How would you do it?

You have agreed to keep your clients’ services up to specific, measurable standards. Do your NOC operators have a working knowledge of what those standards are? Can they check compliance any time they want to? Are they alerted to all deviations from them in real time?

SLAs usually become more demanding as companies grow and expand. If your monitoring system models the relationship between the technical components and a customer’s critical services, then your staff will be on top of all the specific events that could impact a more demanding Service Level Agreement.

Can you verify that you are meeting these tougher SLAs? Is it easy for you to generate clear, believable documentation? Would you like to present regular custom reports to your clients automatically, via email or through a unique client portal?

Real user monitoring is the highest level of monitoring. To provide the most accurate application monitoring, some clients may want you to simulate user transactions on a 24 x 7 basis. Tango/04’s monitoring system has the ability to do that, whether a user is logging on through a website or a green screen terminal. Instant notifications can be sent to your staff about poor response time or transactions that fail to complete.

MSP Success Step
#6

Become more efficient by upgrading and consolidating your monitoring methods

Many MSPs have a different monitoring system for each platform or group of devices. Often we see at least 3 major systems being used, learned and administered by 3 separate groups or silos. Not only does this make it difficult to get a central, high level view of key critical processes but it makes it “normal” to have a very segregated staff: Windows, UNIX, AS/400, Linux, etc.... This is not beneficial to staff cohesiveness and team building. And how much time is all that extra effort taking from your staff?

Think of the multiple manual efforts that are required to create client reports, for either internal or for client use. Doesn't MSP management require central reporting? How is the information from multiple systems consolidated? Too often we hear about a staff member who spends many hours each week or month, assembling stray data into spreadsheets which are then turned into reports. How much time does that take? Are these reports accurate? Are they on time? Or are they avoided and just not done? What other services could or should be provided that are avoided due to the cumbersome process that is required?

Monitoring systems need to be flexible and easy to use for both operators and administrators. Often we hear about corporate IT departments or MSPs who are using one of the well known "frameworks". These are very capable systems that consolidate information and make it easier for operators to work, but they tend to require a large amount of work to set up or to alter. Too often the initial system set up was stopped because they ran out of money and time. They are not thinking about how well this could be adapted for some future profit center because it is such a drain on their profits every time they try to modify it. That is not good.

Each week there will be changes, new customers, new applications and new requirements. Sometimes your people will come up with great new ideas that will benefit customers or the MSP directly—can these be executed? Or are good ideas squashed just because they are too much trouble to execute? If this is the case, then there is a lot more money being lost than just wasted time!

Another factor to consider is if setting up or making changes to your main monitoring system requires programming using tedious coding languages. Time spent doing complex programming inside overly complex monitoring systems cannot be afforded! Usually this takes many man hours of your top people's time every time a change is needed. Don't you need them for other important tasks?

If new types of monitors are required new services such as web capabilities, the frameworks generally require expensive software add-ons which can also be very difficult to implement and to set up for each client. There always seems to be a new module available to purchase, with new maintenance to pay and more training classes to attend.

Finally, consider the total costs of licensing 3 or more separate monitoring systems and the extra administration needed for keys and updates. Add up the total annual maintenance fees paid on all that redundant software. Then consider implementation and training costs for each of these systems. With the big frameworks, we frequently hear stories of good intentions and unexecuted plans. If the goal was increased profits, as it should be, this is too often a costly investment that never got full funding and was never executed as planned. With all of this considered, consolidation into a central system can deliver significant savings.

Continuous improvement is everyone's lofty goal but when a system is too difficult, too time consuming, and too expensive to improve, the reality is disappointment and lost opportunities.

Tango/04 is leader of a new generation of monitoring systems

Tango/04 is ready to provide you with proven solutions and effective training that will arm your staff with an effective new approach to handling more demanding clients. By modeling all the critical elements of their more complex environments your people will know which problem is critical to solve now and which can wait. Having this information in your central monitoring system, your people will be more effective, able to understand and solve problems faster.

The proven Tango/04 solution is in use in hundreds of businesses around the world, constantly monitoring the availability of critical applications and services.

Monitor more!

With Tango/04 more platforms, more applications, more customers, and more critical events can be monitored in one central solution. This will save you money. Separate monitoring system for each platform or device type only produce IT silos. Tango/04 provides consolidated information where all systems and all clients appear in one central console—making your NOC operators much more efficient. Tango/04 provides an easy scalability that makes sense for the steady growth of your business.

The Tango/04 system is easy to set up and to modify. It has many optional add on components and an open design, allowing for integration with other popular tools and monitoring systems. With its higher level approach to monitoring, applications can be the focus of Service Level Agreements—a much more realistic measurement.



Expand Services and Grow Revenues.

With Tango/04 you can easily add new services to broaden your business and increase sales. Add web based dashboards containing real time customer information. Provide clients with business KPIs in real time. Add easy to understand, multiplatform Security consoles with automated report distribution.

Get closer to your customers.

With Tango/04 you can focus on IT/business (client) alignment. When your technicians can clearly understand the dependencies between servers, devices and services, your people will make faster, better triage decisions. By concentrating on the impact of faltering business services instead of isolated technical or security issues, NOC staff can be more effective by making more informed decisions. This directly improves service levels and reduces your operating costs.

Increase Visibility

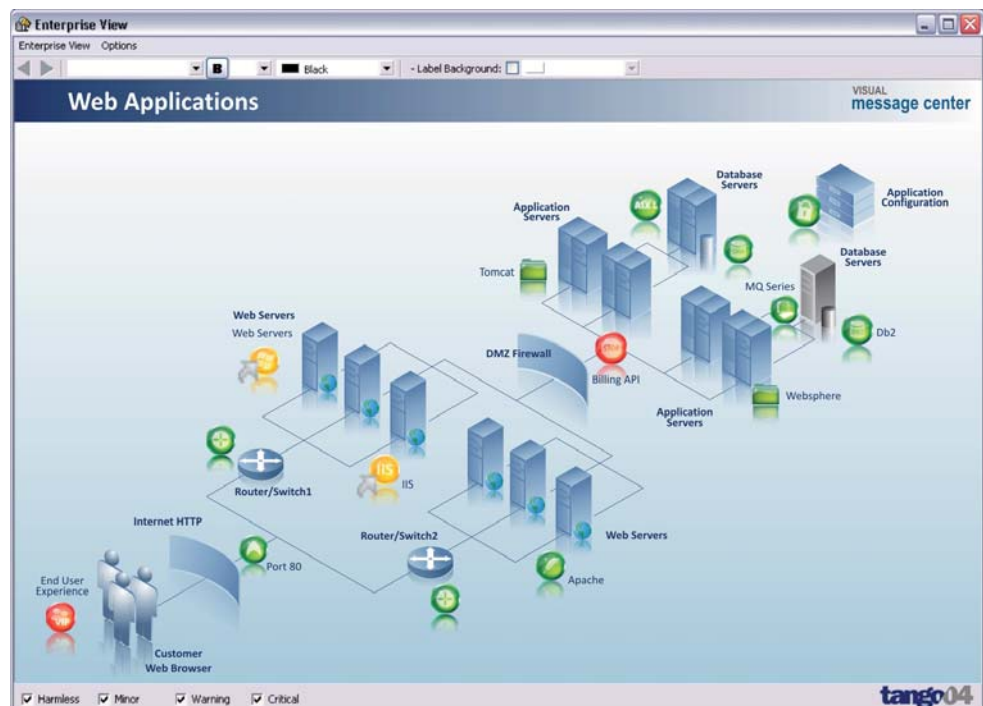
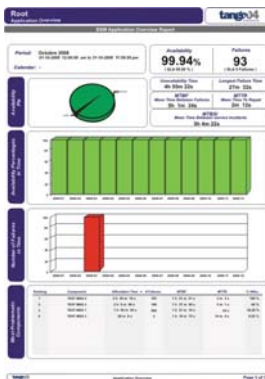
Expand your NOC's vision into complex client system architecture by centralizing the monitoring of all platforms, devices and critical business processes. Provide business people with real time views of their critical business processes.

Improve your service levels and renewal rates

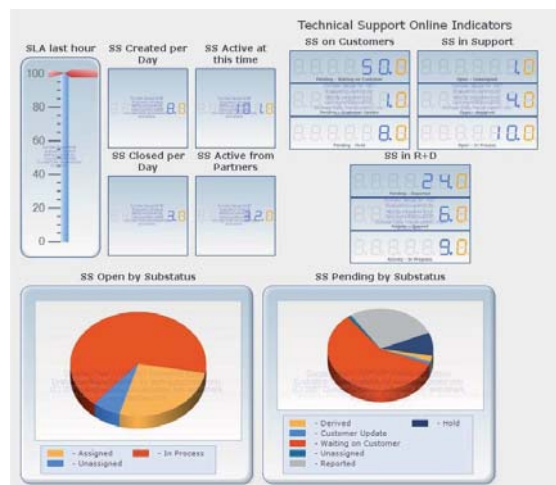
Tango/04 will give your NOC operators real time feedback regarding SLA compliance. You will save dozens of man hours each month because our automatically generated and delivered SLA reports cover ALL types of servers and components.

Create new Competitive Advantages

Differentiate your company from other MSPs. Don't let your service become a low priced commodity. Differentiate by showing your Business savvy! When your consultants and sales people sit



down with customers and prospects and talk about their businesses they will be unique-leaving very good impressions. When your NOC operators show every day that they really understand what's critical to keeping each client's business running smoothly, non-technical Business managers will know they are in good hands. **The proven Tango/04 solution is in use in hundred of businesses around the world, constantly monitoring the availability of critical applications and services. With the improvements that Tango/04 can provide, MSPs have an excellent opportunity to become more efficient and to sell more services – an important win/win situation for a difficult business climate.**



MSP Benefits with Tango/04

- Quality of IT services is improved
- Application availability is improved
- Increased user satisfaction
- Continual improvements are a reality
- Enhances the business value of IT
- Real competitive advantages for MSP clients
- Establishes proper IT governance(ITIL)
- Solidifies MSP / Client business relationships

Please call us and let's begin a conversation focused on improving your capabilities with larger clients and upping your total profitability.

About Tango/04 Computing Group

Tango/04 Computing Group is one of the leading developers of systems management and automation software. Tango/04 software helps companies maintain the operating health of all their business processes, improve service levels, increase productivity, and reduce costs through intelligent management of their IT infrastructure.

Founded in 1991 in Barcelona, Spain, Tango/04 is an IBM Business Partner and a key member of IBM's Autonomic Computing initiative. Tango/04 has more than a thousand customers who are served by over 35 authorized Business Partners around the world.

Our software is used by companies of all sizes around the world in all industry sectors, but in particular in medium/medium large companies and branches of multinational companies. Tango/04 is particularly strong at the Financial Services, Insurance, and Pharma/Laboratories markets, with 11 of the 20 largest banks of the world as customers. Our software is also very popular at these companies with a critical business process such as Logistics or Order Processing.

Tango/04 has more than a 2.000 customers and operates throughout the world through its network of 35 business partners. Tango/04's customers include: 3M, ABN Amro, Aviva, Banque de Luxembourg, Banque Rotschild, Bayer, Boehringer Ingelheim, Bridgestone, Citigroup, Capgemini, CC&G (Italian Stock Exchange), CelTel, Certegy, Coca-Cola, Dolce & Gabbana, Dole Fresh Fruit, EDS, Euronet Worldwide, FootLocker, Fortis Bank Commercial Finance, GE Money, Genesis MetLife, Gucci, Inditex (Zara), ING Nationale-Nederlanden, L'Oréal, Louis Vuitton Malletier, Lloyds TSB Bank, Manpower, Miele, Nestlé, Nike, Nissan, Pierre Fabre, Prada, Ray-Ban (Luxottica), Shell, Telmex, Universal Music and Zurich Insurance.

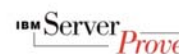
Alliances



Partnerships

- IBM Business Partner
- IBM Autonomic Computing Business Partner
- IBM PartnerWorld for Developers Advanced Membership
- IBM ISV Advantage Agreement
- IBM Early code release
- IBM Direct Technical Liaison
- Microsoft Developer Network
- Microsoft Early Code Release
- Red Hat Linux Ready

Awards





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