

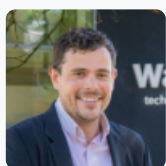
## Article

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# ‘Better the Devil you know?’ – the Managed Services myth

James Alderson explains why you should consider the value you receive from your IT partner and the steps to take if you are any less than thrilled.



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Providers of IT services, either internal or third party, can no longer afford to focus on technology alone; they must consider the quality of services they provide and focus on their relationship with the business. In the minds of many business leaders, their organisations' IT service does not maximise the return on IT investment or deliver the necessary value to help move the organisation forward.

Most organisations have some level of outsourcing within their IT department, even if this is only the Wide Area Network. Others have taken a much broader approach; divesting themselves of specific areas such as server infrastructure or telephony through to a full managed service covering their entire infrastructure or full IT department. Any third-party managed service provider, embedded at any level of your IT operation should be striving to provide good customer service, adding real value and ensuring the service is aligned to your business strategy.

### What to do if my managed service provider isn't effective?

When the relationship with your managed service provider (MSP) is effective, you can rest assured that someone else is looking after your interests. Of course, this is the main reason for outsourcing in the first place; but what happens when things aren't going so well? First things first you should always give the service provider a chance to put things right – they might not realise you're not happy with them. However, if that doesn't work, and they just aren't adding value to your organisation, or if perhaps you've outgrown them, maybe it's time for a change?

It's at this point, it would be easy to start thinking about the effort actually involved in moving to a different support provider, and end up sticking to the status quo - it may appear to be the easiest and lowest risk option. True; but why be trapped in a dysfunctional situation when an organisation which is a better fit for you is only a few hurdles away – most of which are easy to overcome with a little planning?

### What is value of having a managed service provider and why is it so important?

So, what is the 'value' that service providers should be delivering? Most MSP's will be very good at 'keeping the lights on'; making sure services keep working through a regime of monitoring and proactive maintenance, and hitting their SLAs but the ones that are actually any good and are worth the money you're spending will do much more than that.

A value-adding MSP will work in partnership with their clients to achieve real improvements in business performance through the appropriate use of technology. They will take responsibility for all areas of service delivery ensuring that IT is aligned with overall business strategy and will offer bespoke solutions which meet unique business needs, not just concentrate on managing business-as-usual. A good MSP is a trusted partner putting their customers' businesses first.

Service providers should appraise new technologies against the value they'll bring to their clients, assessing their appropriateness without allowing technology to dictate the direction of the business. They'll achieve this through offering quick and easy access to multi-disciplined teams including those who aren't just technically focused. A value adding service provider should at the very least be looking to make their contract operational expenditure-neutral over its duration through a programme of technology and contract review (including contracts of other third-parties), and working with all business units to ascertain where IT can enable additional cost savings, improve productivity or reduce business risk through automation or improved business process.

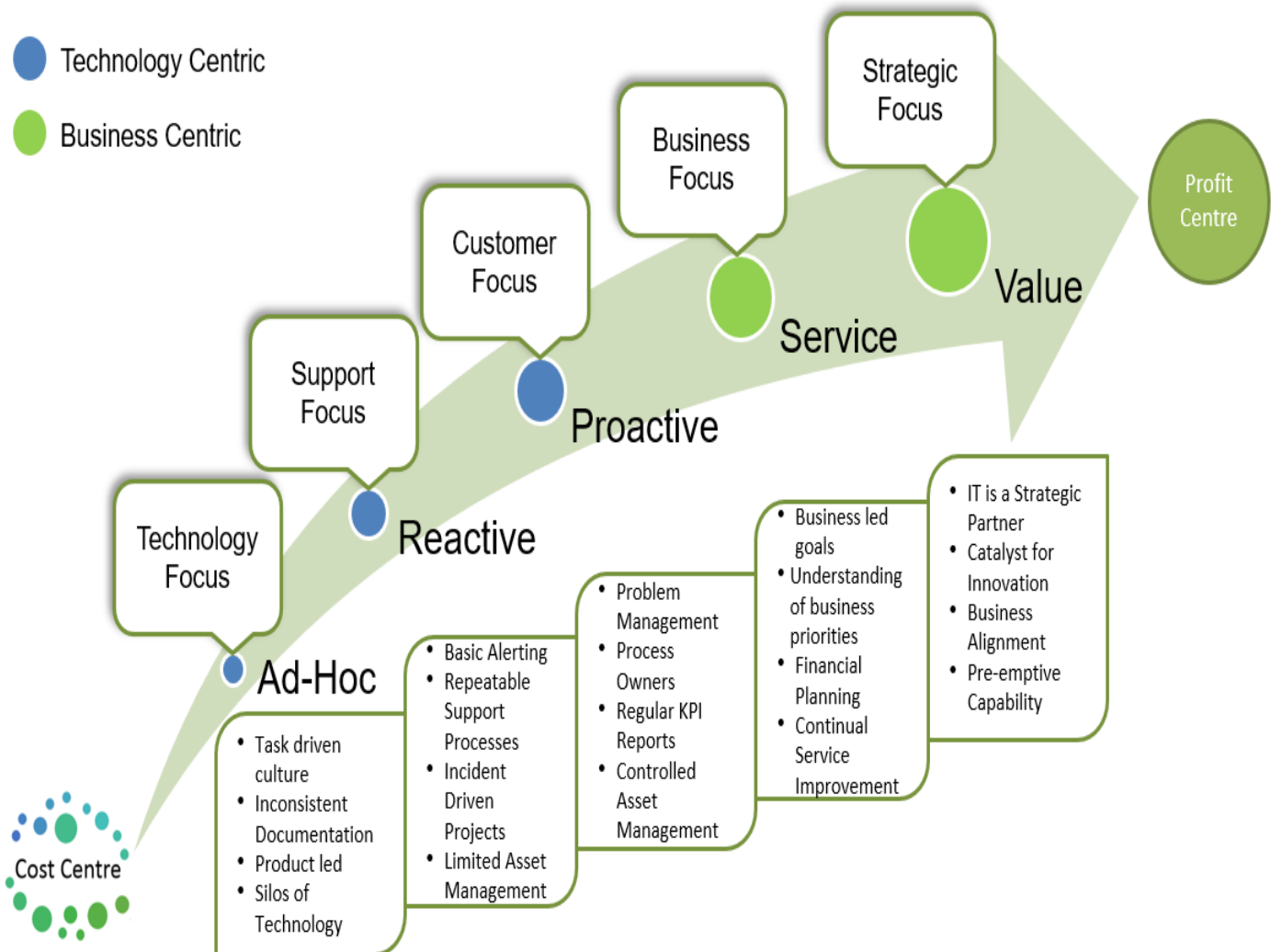
The IT provider should work with any internal IT teams and the business with a goal of raising the maturity level of the service provision, and this can be achieved through the use of effective Service Management.

Unfortunately, in my experience, this very rarely happens as many MSP's focus on delivering IT services and "upselling" new technology at the expense of working as a trusted partner with their clients and fully engaging with them to understand where they can help. This two-way, partnership approach and support from clients is essential if MSP's are to obtain a clear understanding of each unique business and truly add value.

### **How do Waterstons deliver managed services?**

Waterstons use the maturity model below to help deliver this, assessing where each of their clients are currently and helping them to move the Managed Services operation from a cost centre to an appropriate level of profit delivery for the business.

# Service Maturity Journey



The service maturity diagram shows the evolution of the IT function from a reactive technology focused unit to a strategically aligned and customer-oriented service organisation. The IT function should move towards a value focussed service provision, with the emphasis on business aligned services and technology, continuous improvement and low total cost of ownership. Such a maturity assessment using tools such as ITIL can be a great way of assessing where the organisation is currently and highlighting what they need to do in order to move forward.

## I want to change but I am stuck in a contract, what should I do?

Waterstons deliberately structure contracts so that it's easy for clients to change provider without penalty. Unfortunately, not all providers do this and some go out of their way to make it very difficult for customers to change their mind. If you're unlucky enough to be in a contract where you'll receive a penalty for early exit you should look at two things:

1. Has the service provider breached the terms of the contract? If they have, you should be able to walk away from the contract with no concerns about the penalty clause; although it may take some effort to actually get the provider to adhere to their contract.
2. Is the cost of the penalty actually outweighed by the value you will receive from someone else? Many providers will charge a penalty for exiting their contract early, but by bringing in a provider who actually understands your business, and who provides a strategic business-aligned view rather than one which is technology focused, you could both save money and improve your ability to deliver on strategic aims and priorities, therefore outweighing the penalty costs. Of course, your new provider should be able to demonstrate the value they can add and support the development of a robust business case to underline this point.

If you're unable to get out of a contract, work with your provider to try to improve the relationship and value you receive from it. It may, for example, be worth engaging with a different, independent third-party who could translate your business requirement into something technical for your incumbent.

## **How to choose a new support provider**

Changing your support provider is not something which you'll want to do very often, as it does take some effort and planning; so taking time to select a provider who ultimately will be a long-term strategic partner is going to provide the best rewards.

Your first steps should be to evaluate the strengths and weaknesses of your internal IT department, if you have one, and then do the same for your incumbent. Once this is completed, you'll have a better idea of what you want and don't want, which should help in selecting a partner that'll actually add value through understanding your business and the challenges presented by the particular sector it operates in.

## **What to avoid when changing managed service providers?**

If you can, avoid selecting multiple support providers for different aspects of your IT systems; one provider who takes ownership of and understands your business and IT as a whole, will provide an end-to-end managed services solution which is tailored to your unique business needs, offering your business the greatest rewards.

For legal or procedural reasons, you may have to put the supplier selection out to tender, but you may be able to simply select the provider of your choice. A successful IT outsourcing arrangement is a partnership built on strong relationships at both a business and personal level; management of these relationships is a key process for an outsourced provider. Having a relationship with the provider in advance will put you in a much better position to assess the proposal provided and understand in real terms what you can expect them to deliver if they're appointed. Additionally, this works in the other direction; allowing the provider to get to know you will best ensure that their service offering and contract more accurately reflects your requirements.

Unfortunately, if you're required to put this sort of contract out to tender it's likely that you'll be prohibited to any non-procedural interaction with potential suppliers during the selection process; in this situation it may be worth considering external expertise to help manage the process and ensure the right choice is made.

## **The transition and migration stage**

It's often the migration stage which can be the most challenging, particularly if the relationship with the incumbent has gone sour. The likelihood is that your existing MSP will have tried to put things right and, if this has failed, may have then attempted to tie you in contractually; at this stage some providers will try to hold you to ransom by withholding important information which is key to the success of the new provider. I've experienced incumbents who've simply withheld passwords, diagrams or access information but some even undertake a programme of active disinformation to try and cause problems. Not only is this approach unprofessional it's also futile – the customer has already decided to go elsewhere, so being difficult at this stage will cement the decision.

While this may sound daunting it's rare that providers will be intransigent and you're likely to already be able to understand how they will react. There are some simple steps which, if followed should ensure any issues are easily overcome.

- Brief the new supplier so they're fully aware of the relationship between your company and the incumbent. Try to leave the emotion at home and concentrate on facts.
- The new MSP should spend a significant amount of time completing an audit or discovery phase, documenting what they find along the way. This'll allow due diligence to be carried out and ensures all risks are understood and mitigated. This audit should include risks within the IT systems themselves but also with the incumbent provider. The aim is to discover what's going on under the bonnet while ensuring a good understanding and good transition documentation.
- A transition plan should be drawn up, showing key milestones and gateways, these might be handover of specific systems or completion of mitigation tasks. This plan should be created by the new provider and circulated between all parties to ensure milestones are understood.
- A thorough handover process with regular meetings between the incumbent and new provider should be undertaken. The new provider should attempt to verify everything which they've been told to ensure it's correct. This'll be a lot easier if documentation does exist but more often than not it doesn't!
- Ensure your new provider is immersed within the organisation from the start by allowing them to meet with a cross-section of people from around the business including the senior management. This'll help them engage with the business leaders and build credibility; becoming a trusted advisor whilst building an understanding of where IT can help the business.

The transition phase should concentrate on understanding and risk mitigation only, full scale root cause analysis and continuous improvement will come later. The MSP should fully establish themselves and get to grips with 'business as usual' before engaging in any major works.

The transition phase of this process is undoubtedly the most complicated, so only once it's complete can you begin to concentrate on what can be achieved through effective use of your new service provider. We discussed earlier some of the areas where the service provider should be looking to add value. The amount of value they can add will largely be dictated by you, the customer; the delivery of good quality, high value-add IT is best achieved in partnership.

## **In Conclusion**

Look carefully at the support provider you have; they should be like those we've discussed, adding value, maturing the service, driving down cost and helping to innovate. The selection of an IT provider who'll act as a partner to your organisation will help to raise the maturity level of the IT service, which given the right support from the business can move IT from a cost centre to a profit centre.

Remember, it's important to review what you actually need from IT and what the business' current requirements are, and to review whether your current support provider is meeting these requirements and actually helping you to achieve your business objectives.

Your new MSP should be providing real benefits and should continue to deliver value over a long period of time. From experience the contracts that I see providing the biggest value and benefit are those which are long term strategic partnerships rather than the typical supplier-customer relationship. It's also worth regularly reviewing any existing relationship to ensure continual value-add, and where this is lacking, consider talking to your provider to get things back on track, or by considering the steps and issues discussed here to change your provider.

Once the value question is answered and assuming there'll be a return on your investment, there are some definite challenges to a service provider migration which need to be overcome. However, through good, considered planning, preparation, good communication and business buy-in these are reasonably straightforward to overcome. A bit like a bank when you switch accounts, any service provider worth their salt will be highly experienced in-service transition and will know how to alleviate these concerns in order to take the worry away from you; the first step in your value-adding journey.

And, in response to the 'Better the devil you know' argument, how about this from John Lilly – “Our only security is our ability to change”?

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