



# Build, Buy or Partner?



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## WELCOME



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# Agenda

- Why Managed IT Services?
- Build, Buy or Partner?
- What is a Master MSP?
- Who is Collabrance?
- Q&A with Kelly Office
- How to Price Managed IT Services



## Why Managed IT Services?



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## Managed IT Services

- Proactive vs. Reactive
- All Inclusive vs Break Fix
- 'Budge tabletime ' vs. 'non-budgetable'



## Managed IT Services Opportunity

**\$46B**  
2017



**\$77B**  
2022

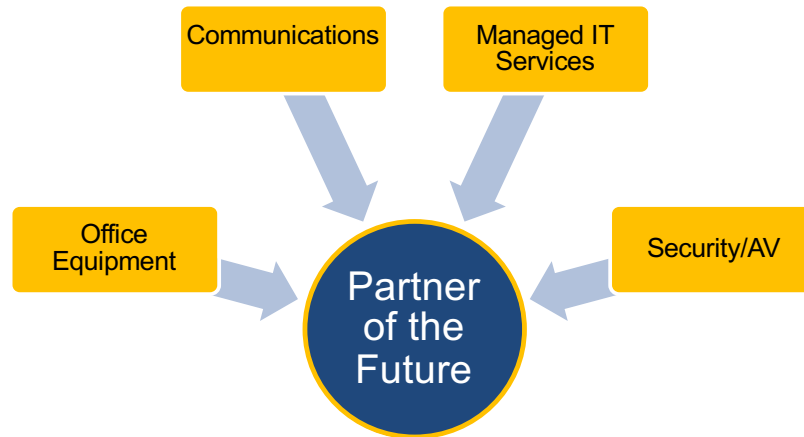
*\*Courtesy of MarketsandMarkets Research Firm*

**11.1% CAGR**





# Unified Experience



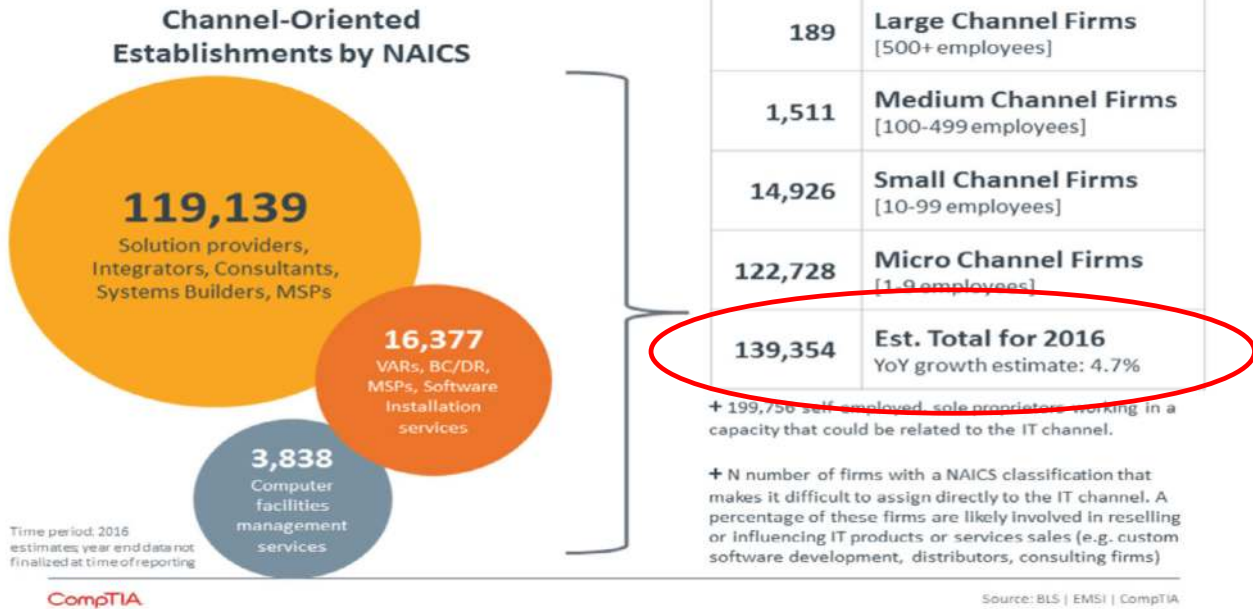
Service  
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*“For every \$1 in revenue of managed services, it is worth \$1.36 of stock value.”*





## Sizing the U.S. IT Channel Using the North American Industry Classification System (NAICS)



## What EVERY\* MSP Offers

- 1) Hardware
- 2) Licensing
- 3) Patch Management
- 4) Anti-Spyware
- 5) Anti-Spam
- 6) Anti-Virus
- 7) Technology Planning
- 8) Remote Support
- 9) Onsite Support
- 10) Virtual Services
- 11) VDI
- 12) Remote Backup
- 13) HaaS, IaaS, SaaS, HaaSR
- 14) Desktop Optimization
- 15) Disaster Recovery
- 16) Service Desk

\* Channele2e webinar with Gary Pica of TruMethods 12/15/16





## Industry Resources



Alex Rogers



Paul Dippell



## Build, Buy or Partner?



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## Building Your Managed IT Offering Internally

Pros	Cons
Customization	Time
Complete Control	Money
Full Financial Benefits	Resources

**1-2 years to build.**  
**Upfront investment of \$1-\$1.2 million.**



## Buying and Acquiring an IT Company

Pros	Cons
Get to market faster	Expensive
Offering already built	Customization
Resources already in place	Right Resources
Customer base already established	Culture Fit







## Partnering to Jumpstart Your Managed IT Services Offering

Pros	Cons
Smaller Investment	Culture Fit
Go to Market Faster	Customization
Proven Platform	Less Control
Save Time	



## What is a Master MSP?

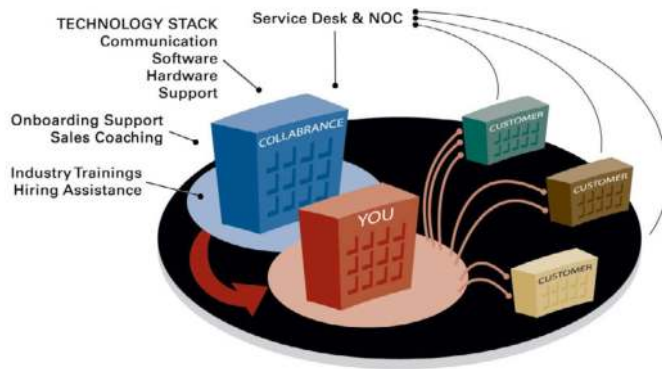


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# How a Master MSP Can Help You



Maximize  
Revenue &  
Profit



Exceed  
Customer  
Expectations



Maintain  
Control of Your  
Customer Base



# Why Outsource?

“

MSPs at best-in-class profitability are more likely to use a Master MSP.

Paul Dippell  
CEO & Founder

Service  
Leadership  
INCORPORATED



Only **5%** using a Master MSP today said they'd be less likely to use one in the future.





**Service Leadership**  
INCORPORATED

*“58% of partners using a Master MSP said they were more likely to do so in the future.”*

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A GREATAMERICA COMPANY





## Benefits of a Master MSP

- Staff Augmentation as Extension of Team
- Increasing Sales to Scale Faster
- Technology Vendor Management



## Positioning For Success with Managed IT Services



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# Partnering Options

continuum

All Covered®



GMS Live Expert  
24/7 Outsourced Help Desk & NOC

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THE 2Q



mindSHIFT®  
TECHNOLOGIES

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## What to look for in a Partner

- Mutually beneficial relationship
- Open communication and access to leadership
- Gain knowledge and best practices
- Focus time & resources on revenue & scaling
- Enhance reputation and customer's service experience

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# Copier Dealer IT Profit Drivers

IT Profit Driver	Why It Works	Success Factors
CEO as champion.	Leadership.	Relentless is better than speed. Remember your MIT competitor is CEO 110% of his time.
IT leadership is a senior business person, not the chief techie.	Only about 25% of chief techies are good-great business people, and fewer are good leaders.	If you buy a low performing MSP, that seller is unlikely to be a good unit leader.
Stick to one customer size range.	MIT doesn't span customer sizes well.	Pick one, stick with it. Don't be extorted into another.
Using a Master MSP.	Reduces up front risk, investment, and ramp time; enables focus on sales.	Each Master MSP has a different style of offering. They're not all the same.
Price at \$150/user/mo or higher.	Pricing below this is not profitable.	Yes, there are low-priced guys in every market. They're going out of business.
Copier Rep incentive comp includes core business take-aways if MIT goal not hit.	They have to believe you're serious.	Even if you have a separate IT sales team.

\*Slide courtesy of Service Leadership, Inc.



# What You Should Charge

OML	Price / Work-station	Price / Server	Price / Smart Phone	Price per Vendor	Price / Major Network Device	Agreement Structure?	Vendor Management	All-in Price range Per User Per Month
5	~\$100	~\$450	~\$25	~\$150	~\$250	<ul style="list-style-type: none"> <li>Almost exclusively value priced</li> <li>Unit pricing not explicit</li> <li>"Whole agreement" pricing – i.e., T&amp;M "safety valve" rarely used.</li> </ul>	Charged for explicitly	\$200 +/-
4	~\$75	~\$350	~\$15	~\$100	~\$175	<ul style="list-style-type: none"> <li>Value pricing often used</li> <li>Unit pricing not explicit</li> <li>"Whole agreement" pricing – i.e., T&amp;M "safety valve" rarely used.</li> </ul>	Charged for explicitly	\$150-165
3	~\$50	~\$300	~\$15	~\$0-	~\$100	<ul style="list-style-type: none"> <li>Market price typically drives target pricing</li> <li>Often a per site charge</li> <li>Per unit pricing is used explicitly</li> <li>T&amp;M "safety valve" rarely used</li> </ul>	Not charged for	\$115-130
2	~\$50	~\$250	~\$15	~\$0-	~\$100	<ul style="list-style-type: none"> <li>Market price typically drives target pricing</li> <li>Often a per site charge</li> <li>Per unit pricing is used explicitly</li> <li>T&amp;M "safety valve" still relied on heavily</li> </ul>	Not charged for	\$85-95
1						<ul style="list-style-type: none"> <li>Don't offer a true "all-you-can-eat" model – mostly remote monitoring only</li> <li>T&amp;M safety valve the basis of all "MS" contracts</li> </ul>	Not charged for	\$50-60

\*Slide courtesy of Service Leadership, Inc.

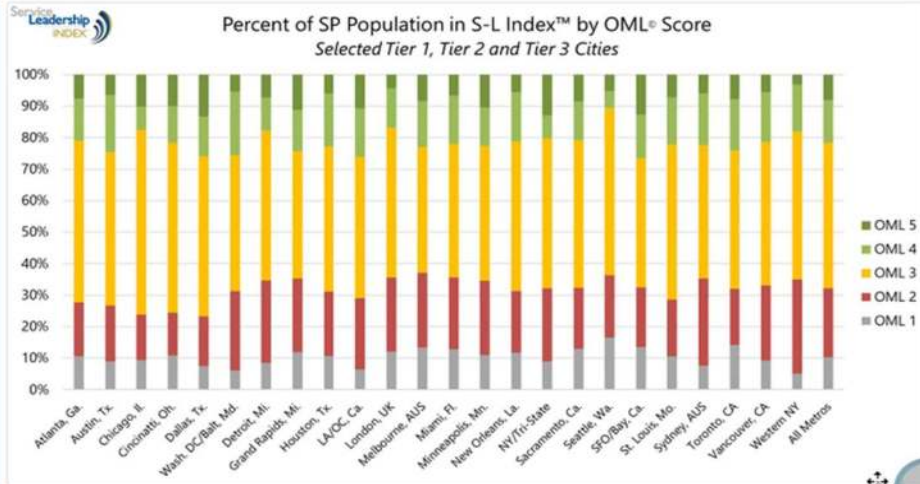




# Does it matter where you live?

This chart shows the proportion of SPs in 25 randomly selected markets worldwide, who are in each of the five OML levels. As you can see, OML is not influenced by geography. This is important:

- The price delta, for example, for a "seat" of "all-you-can-eat" Managed Services varies, in any given market, by about 400% from those at OML 1-2, and those at OML 4-5. This is due to better understanding of actual costs, P&L management and value-based selling as OML increases. This applies to all offers: the lower OML firms in all markets are priced lower but not making money and not delivering quality. The higher OML ones do both.
- Thus, price competition isn't because the other firms are better, it's because many don't know how to do better.
- Because the higher OML deliver a better customer experience, they grow faster even though they cost more. They deliver higher value.



\*\*\*Slide courtesy of Service Leadership, Inc.

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# Which would you rather be?

Example	Avg. Seats	Avg. AISP	Avg. MRR	MRR with 50 clients	Seats
Right Customers-Right price	20	\$140	\$2,800	<b>\$140,000</b>	1000
Right Customers-Wrong Price	20	\$95	\$1,900	<b>\$95,000</b>	1000

\*Image courtesy of TruMethods

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## How Collabrance Helps

- 24/7 Access to customer info & leadership team
- Collabrance Peer Groups and information portal
- Proven sales process
- Standardized all-in solution
- Standardized discovery and onboarding process





## Working Together Closing New Deals

### SALES PROCESS EXPERTISE

Support during our proven sales process to close more deals faster:

- Target markets & customer profiles
- Talk tracks & questions to ask prospects
- Anticipate & overcome objections
- Access to Collabrance Sales Engineer
- Ensure you have a viable solution that meets your customer's needs
- Cost justification & sense of urgency
- How to get the decision maker's attention
- Practice & role play
- Identify upsell opportunities
- Directly involved with your prospects to help your team close more deals

### ONGOING INVOLVEMENT

Ongoing involvement to keep your strategy ahead of your competition:

- Access to Collabrance Partner Peers
- Online Partner Portal
- Weekly calls with Sales Manager & Collabrance Resource
- Quarterly Reviews & Alignment Meetings
- Managed Services Sales Training
- Compensation & incentive best practices
- Sales tools (i.e. quick qualifier, business implication questions, assessment form, pricing calculator)



## Case Study: Louisiana 2016 Flood

- 20 User pediatric clinic
- All-In solution at 40% margin
- Treats 100+ patients per day
- 2 Feet underwater







## Case Study: Louisianan 2016 Flood

### Results:

- Continued business as usual
- Operational one day after flooding began
- Ability to access critical patient information
- Serve an influx of patient's health needs during the flood
- 100% Customer satisfaction



## Kelly Office Q&A



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1. Why did you decide to outsource?
2. What are the pros and cons of outsourcing from your perspective?
3. What investments did you make?
4. Why did you partner with Collabrance?
5. What has involvement been from a C-Level perspective?
6. How do you see the copier industry evolving and what do you think success will look like?
7. How do you find leads?
8. If you could start over again, what would you have done differently?
9. What recommendations do you have for those looking to get into managed services?



1. How do you market your offering?
2. What is your target customer profile for managed services and why?
3. How have you benefited from standardization?
4. What are you able to charge in your market?
5. What recommendations do you have for those looking to get into managed services?





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## THANK YOU!



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# Questions?



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