

## The Pitfalls of Managed Services:

In an independent survey conducted throughout the continent United States, with over 1000 participants ranging from IT providers in nearly every known vertical market (many of whom were either MSPs, or claimed to be MSPs), the following Pitfalls were noted with regard to breaking into and/or succeeding in the Managed Services (MSP) arena:

**Note: These items are listed in order, based on the total number of participants who responded accordingly to each survey question:**

### Survey Response:

- The sheer cost of getting into Managed Services has stifled our ability to sell managed services.

### What Was Reported?

The majority of the participants in the survey reported to have paid anywhere from \$75,000 to \$100,000 or more (Note: most of these dollar figures were reported by companies using Kaseya or SilverBack), just to purchase the base managed services platform and licenses, not including any additional items such as enhanced reporting packages, or onsite training. As a result, a high percentage of companies who had implemented an MSP platform within the past 2 years, reported to have only a mere 3-5 customers utilizing their platform, and/or less than 200 of their licenses utilized. All of the individuals who responded, claimed that their lack of customers, was a direct result of what they were forced to charge, in order to get some kind of return on their investment. Furthermore, 10% of the participants who responded, reported to have either abandoned their MSP platform completely as a result, or in favor of a different platform altogether.

### How are we Different?

To start with, your investment is \$0.00. That's right, there is absolutely Zero (0) investment required. We provide the software, we provide the hardware, we host it in a Class A Data Center with 5 redundant ISPs and Redundant Power, and we maintain the entire solution (so you don't even have to hire someone to manage the solution), as well as backups and storage. You, on the other hand, only purchase what you sell, as you have opportunities. There are no pre-purchasing licenses, and you are only obligated to pay on licenses for as long as you have customers utilizing them. Furthermore, we cover the annual support and renewals, so your investment is completely covered by us. In addition, we cover all training, and sales support. That's right. We will train your technicians on how to use the solution (if you for some reason wanted to manage the solution yourself). We will also train your customers, so they can utilize the platform as a tool (especially for those customers who have their own internal IT staff, as our MSP platform is jam-packed with all kinds of diagnostic utilities and toolsets). Finally, we will train your sales staff on how to target and pitch the solution, and, we will even host

webinars or conference calls on your behalf, even under the guise of an employee from your own company, if you so choose (We like to think of our Resellers as Partners, rather than just customers). We will also provide you with Data Sheets (branded with your log), price lists, and the like. And perhaps the best part is that you can also rebrand our solution as your own, with your own company logo, and there is also enough margin to mark the product up by as much as 600%. Your cost is \$17/month per device (regardless of the type of device), with no additional charge for applications (i.e.; some solutions like SilverBack have separate licenses for things like Exchange, Active Directory, Backup Exec, etc..., which they call Application Licenses), and with only a small monthly support charge, which is based on the total number of licenses you have in active use, and which covers: all of the technical and sales support, 24x7x365 monitoring and responding to alerts (based on your SLA), 1-Year retention of all performance metrics collected, Collocation and Bandwidth fees, Backups and Storage, all preventative maintenance (we check patches weekly and/or generate weekly patch reports on your behalf, generate monthly MSP reports and brand them with your logo, report findings and make recommendations, review all event logs and performance metrics on all devices monthly in order to create recommendations, check antivirus and backups 24x7x365, and perform weekly disk cleanups, disk defrags, temp file removal, temporary Internet file removal, and cookie removal). Finally, I also mentioned that we respond to all alerts on your behalf. In truth, we actually allocate 15 minutes of free support time, per incident (which may end up resolving your customer's issues, or at least diagnosing them).

#### Survey Response:

- Ramp-up time to get Managed Services functional, to find a competent technician and train them to support the chosen MSP platform, and to get sales personnel trained, took 6 months or longer.

#### What Was Reported?

90% of all participants reported a minimum 3-6 month ramp-up period (if not longer) just to get their MSP platform functional and ready to sell, what between having to fly to places like Billerica, MA for training (in the case of SilverBack), and/or paying and waiting for onsite technical training, interviewing and hiring support professionals to manage their MSP platform, hiring and/or training sales staff, purchasing and implementing a ticketing system, etc...

#### How are we Different?

There is almost no ramp-up time whatsoever. Our solution is already staged (Note: We utilize a virtualized environment, which allows us to build servers on-the-fly), and we can literally build you a new server in as little as 30 minutes. From there, it's just a matter of getting your logos to rebrand the solution, and having you create an A Record to resolve to the FQDN of your choice (i.e.; the A record is for the User Interface). That said, once you've found customers and sold them on our solution, we can generally have them up and running within 30 days (meaning fully installed and operational), most times even sooner (that includes the time it takes to acquire licenses on your behalf, if we don't already have enough on hand to cover your needs). Since we take care of the entire installation free of cost (This applies to remote installations only. Onsite installations may result in travel-related fees, to cover

our expense in that regard.), once you can get us access to the systems to be monitored, we can get started rolling out the MSP platform almost immediately. Furthermore, since you no longer have to worry about hiring anyone to support the solution (as we do all of that for you), the only item left to worry about is sales and/or technical training for customers (or your own internal IT staff if so desired), which can generally be done within that same 30-day window (albeit the sales training will obviously most likely take place before-hand, so that you actually have customers to install).

#### Survey Response:

- Ongoing annual support costs and support renewals have stifled our ability to gain hardly any ROI, if at all, on our Managed Services investment.

#### What Was Reported?

65% of all participants reported that annual support renewals stifled their ability to gain hardly any ROI, if at all, on their MSP platform. In fact, most participants reported that they were required to pay as much as 20% or more of the original purchase price of their licenses, annually. Between the annual support costs and initial investment required to get into managed services (not including any monies spent on marketing the platform or on salaries to support the platform), 20% of the participants reported to have not achieved any ROI, even after a 2-year period. This led a small percentage to eventually abandon their platform completely, or to switch to a alternate platform, after taking a sizeable loss.

#### How are we Different?

Since we cover all annual support costs, combined with the fact that there is absolutely Zero (0) investment, every sale you make is practically 100% profit (We say practically here, because most providers give some type of commission to their sales staff). However, for those providers that substitute out our MSP platform for existing preventative maintenance (PM) contracts with their customer base, it truly is 100% profit. In fact, because these providers no longer have to pay their own IT professionals to do this kind of work, providers are realizing even more profit than before on said contracts. Furthermore, our model yields almost the exact opposite from that of most vendors. For example, when you sell something like a Toshiba laptop, you might make \$15-\$30 on the sale, or maybe as much as \$60-\$90 (if it's a high end laptop, which normally costs more than most customers want to pay, especially in this economy). The vendor (i.e.; Toshiba) on the other hand, makes the majority of the profit. In our model, however, which is based on a 700% markup scale, the exact opposite is true. For example, we get the first 100%, from which comes the overhead of our technical staff, who support the solution 24x7x365, as well as Data Center collocation fees, Data Center bandwidth fees, hardware maintenance and support and/or replacement, storage, backups, installation, technical training, sales training, sales support, free upgrades and the labor to go with them, regular system maintenance, annual support fees and/or renewal fees, the initial investment for licenses and/or hardware, enhanced reporting packages, Microsoft licenses (i.e.; SQL for the back-end of the enhanced reporting packages, operating systems for things like dedicated WSUS servers, for patching thru the MSP solution, and dedicated reporting servers), etc... Your company, on the other hand, can mark the solution up by as much as 600%, and there is absolutely no overhead or investment. It's all profit!!!

Survey Response:

- We were unable to restructure our internal operations, to accommodate Managed Services, due to a lack of understanding of Managed Services in general, and a lack of training from the vendor of our chosen Managed Services platform.

**What Was Reported?**

58% of all participants reported not to have understood the methodology inherent with an MSP solution, and/or how to restructure their internal infrastructure to accommodate the changes brought on by implementing an MSP platform. In fact, a majority of participants reported to have hired on dedicated staff just to handle work driven from their MSP platform, rather than implementing a tiered environment internally, and allocating work driven from their MSP platform accordingly, based on the level of complexity and/or the nature of the issue reported (i.e.; desktop support versus server support, advanced application support like Exchange or Citrix, versus networking support, and so on). Finally, 47% of all participants reported receiving absolutely no physical training on the MSP platform they purchased itself, and/or how to market or sell it, apart from perhaps a few PDFs supplied by their MSP vendor, and/or limited streaming media presentations.

**How are we Different?**

We are in the business of building MSPs, and that includes project planning, in order to aid in the transition from a Reactive Approach to IT, to a Proactive Approach to IT, using managed services. We will train you in every aspect of managed services, including how to integrate a ticketing system. In fact, we are authorized resellers and integrators of AutoTask, a ticketing system which ties in seamlessly with our MSP platform. That said, we can provide you with both the MSP platform and Ticketing System platform, and tie them both together as well. Furthermore, we can provide additional tools like NTR, which allows your entire technical staff to be tied into a single, centralized remote access solution, whereby they can remotely support customers outside of the MSP platform, while still having the ability to escalate issues between each other. NTR allows for chat internally amongst your IT staff, and/or even handing off an entire remote access session (without first having to disconnect and reconnect to the remote client, which is pretty amazing). In fact, it also allows for things like online status (i.e.; seeing whether a technician is available to provide support), the ability for customers to leave messages for technicians who may have perhaps gone to lunch (all thru the web interface of NTR), the ability for technical staff to provide webinars and/or training thru the solution, file transfer capabilities, and much, much more. And perhaps the best part is that NTR is far cheaper than competitive products like GoToAssist, Linktivity, and others.

Survey Response:

- We were forced to purchase hundreds or thousands of licenses up-front, most of which are still not being utilized, but all of which we are still paying support on annually.

**What Was Reported?**

100% of the participants reported having to pre-purchase licenses. In fact, everyone reported the same thing, which is that in order to get a price break on licenses, they were forced to purchase into the hundreds or thousands of licenses. Then, after a year had passed, when they had barely gotten their solution up and running, and perhaps had 1 or 2 customers (maybe a few more if they were really lucky), providers were then forced to pay support renewals on all of their licenses (the majority of which had never even been used).

**How are we Different?**

As mentioned previously, you are not required to purchase any licenses up front. Rather, you only pay for licenses as you have opportunities (i.e.; as you sell the platform to your customers). If a customer chooses not to renew after 1 year has passed, you no longer pay on those licenses, but rather only for those licenses that are still active. While you never really own the licenses (but rather in a sense lease them from us), on the same note, you don't end up paying support renewal fees annually either. Furthermore, you don't have to buy any upgrades, as we provide them free of charge (i.e.; they are included as part of our monthly management fee). That said, as new versions of our platform are released, we will make arrangements with you to deploy the upgrades and/or implement conversions accordingly (if so desired), and we will cover all labor associated with said upgrades and/or conversions.

**Survey Response:**

- The hosted MSP solution we opted to go with (most responded to be using Zenith Infotech) required us taking at least a 2-year contract.

**What Was Reported?**

69% of the participants reported that when using a hosted MSP solution, they were forced into at least a two-year contract (this in addition to pre-purchasing a specific minimum number of licenses). Furthermore, those participants claiming to have used Zenith InfoTech also reported having to purchase a ticketing system of some sort (so that Zenith could open tickets based on alerts they found).

**How are we Different?**

There is no contract until you actually sell managed services to one of your customers. At that point, the minimum term with your customer would be 1-Year, as would your term with us (i.e.; the contracts match the term length of what you sell to your customers, this way you are never paying for licenses that are not in use). Finally, no ticketing system is required, albeit if you'd like to have a ticketing system, we can definitely accommodate you in that regard.

**Survey Response:**

- The hosted MSP solution we opted to go with (most responded to be using Zenith Infotech), hosted their support out of India, making it incredibly hard to get

support, and/or to understand support professionals, not to mention that response times from support professionals were lengthy.

**What Was Reported?**

52% of all participants (and 78% of those that claimed to have used Zenith InfoTech) who opted to go with a hosted MSP solution reported that support for their platform was driven out of India. This apparently made it extremely difficult to get support, due to a language barrier that was exacerbated by the use of common technical jargon. Furthermore, we had several reports from providers that specifically used Zenith InfoTech, who claimed that support seemed unable to handle even the most simple of tasks, thereby delaying remediation for their own customers, and/or creating a larger work load for their own internal IT staff. For example, some providers reported that when something simple like a windows service would stop on a server, rather than remotely accessing the server and restarting the service, Zenith InfoTech would open a ticket and assign it to someone in the providers own internal IT department (Apparently, this pointless escalation continually happened, despite the original claim that Zenith InfoTech would handle all levels of support, meaning 1-4, of which restarting a service probably rates at about a .5).

**How are we Different?**

All support is provided out of the United States, by native, English-speaking technicians. Furthermore, all technicians are certified, senior-level technicians, with at least 5 years industry experience (Note: most have at least ten years, and/or at least a Bachelor's degree in Computer Science, amongst other industry certifications).

To conclude, My Webtek LLC is fully insured, up to \$5,000,000, and is also an accredited member of the Better Business Bureau. We have implemented our MSP platform for various IT providers operating in all verticals of the IT market space. We have extensive experience configuring custom configurations specific to supporting the medical industry specifically, whether it be for things like EMR, EHR, and/or PACS and we have also successfully implemented and continue to maintain our solution in Data Centers and small ISPs across the continental United States. We believe our platform to be the most scalable solution on the market, not to mention the most cost-effective, as demonstrated by our Zero-Investment Reseller Program. We have personally seen our solution drastically reduce overhead for our resellers (when implemented internally, or in their own customer's networks), not to mention drastically reducing the customer's total cost for IT services (which has enabled many IT providers in these financially trying times, to maintain preventative maintenance contracts and/or customers, rather than losing customers, or having customers cancel PM contracts). Why not schedule a demo today, and see for yourself just how effective our solution is, and how it can benefit you?