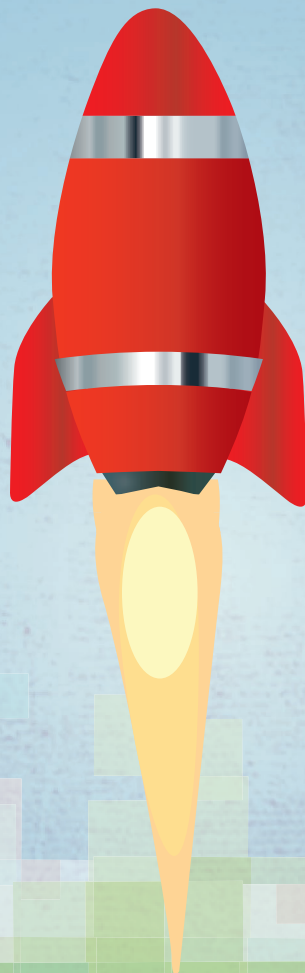


# TOP 10

## TIPS FOR LAUNCHING AN MSP COMPANY

- Arvind Parthiban





# Introduction

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So you want to start a managed services practice? That's probably not a bad idea, given general outsourcing trends in IT. One analyst firm, MarketsandMarkets, expects the market for managed services to grow from \$142.75 billion in 2013 to \$256.05 billion by 2018, at a CAGR of 12.4% from 2013 to 2018.

But launching a new company isn't a walk in the park. The Department of Trade and Industry (DTI) estimates that one out of every five newly-started businesses fails within its first year of operation. The 10 tips offered here will help prevent you becoming a business failure statistic and put you on the fast track to building a successful managed services practice.



# Read “The Guide to a Successful Managed Services Practice” 01

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Before launching a managed services practice, check out “The Guide to a Successful Managed Services Practice.” This book was written by an experienced MSP and includes intimate details of running an MSP company to help you avoid common mistakes most business owners make when they launch their MSP business. The guide can be considered an essential read as it provides useful information for executing the rest of the tips below. Download a digital copy of “The Guide to a Successful Managed Services Practice” for free at [www.mspu.us](http://www.mspu.us).



# Join an MSP Association

# 02

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When you join associations, you can save thousands of dollars and countless hours using the available resources rather than recreating everything from scratch. Associations such as CompTIA, MSP University, SPC International, The ASCII Group, and MSP Alliance offer downloadable tools and resources that are used in practice by best-in-class MSPs. The downloads include SLA templates, job descriptions, white papers, and marketing materials as well as thousands of hours of training for MSPs.



# Develop Your MSP Offering

# 03

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Once you have thoroughly researched your service options, you need to clearly identify which services will make up your MSP offering. As you're getting started, start with a small solutions stack for the services that are most important to the end user: monitoring services, remote support, backup, and network security. As you grow your client base, you can take on more solutions.

To be unique in how you plan to offer your services, avoid the typical tiered pricing model of "gold, silver, bronze" packaging, or the commonly used "per device" pricing package. When you create your service offering, a customer-centric pricing model can be critical to success. When your clients feel your services are directly in line with their needs, they will feel confident about investing in your IT services.



# Choose Your RMM and PSA Software 04

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If there is any “must-have” software for an MSP, it would be remote monitoring and management (RMM) and professional services automation (PSA) software. You cannot deliver managed services effectively without investing in an RMM and PSA solution. There are point products that offer RMM and PSA tools. However, making them integrate with one another is a daunting task. There are also vendors like Kaseya and ManageEngine who offer both these functionalities in a single tool with a seamless integrated value.



# Choose Vendor Partners for the Additional Services in Your Solutions Stack

# 05

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A common mistake many new MSPs make is to choose the least expensive options available to them – but the least expensive options are not always the best solutions. You need to spend some time to investigate and check out demos for any or all services that you plan to resell. When choosing vendor partners, choose those that integrate with your RMM and PSA platform and that offer the best support and partner enablement programs to help you get off the ground and achieve success.



# Determine Your Pricing

# 06

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Once you have chosen your vendor partners and the services you wish to offer, the next step is to come up with a pricing model to ensure a healthy profit margin. You might want to set your pricing model with a baseline price that sets your profit margin to ensure you don't go below it while creating a proposal for a client. If you get good at qualifying your prospects during the first appointment, you can easily execute a proposal that focuses on value based pricing and that leads to MSP contracts at 200% or greater profit margins. To get an idea of how a good pricing model looks, visit [www.service-leadership.com](http://www.service-leadership.com) to see pricing benchmarks from best-in-class MSPs.





# Develop a Marketing Strategy 07

Probably the most important thing you will do as a business owner is to develop a clear, documented marketing strategy to generate leads for your business. Establish a marketing budget that will consume most of the initial budget allocated to starting your new business. Build a database of prospective customers, which might include buying a business list database, verifying the database information, and obtaining email addresses for each contact. Note that you should be wary of a company that sells email addresses. It's illegal to email businesses without getting their permission first.

Your marketing strategy should include going door-to-door to introduce yourself to other local businesses. Participate in any networking functions where you focus on trading contact information. Leave each business with a media kit. Don't try to close a deal during the first meeting. Building an email database of prospective customers is the most cost-effective marketing exercise to producing great results down the line through email marketing.



# Create Your Marketing Presence 08

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The most important item in your marketing arsenal is an effective website that is focused on the needs of your customer and that generates leads for your business. Don't cut corners on your website. Invest the money and have it done correctly. And be sure to make your website mobile responsive. Nearly 50% of all Internet traffic is coming from mobile devices and 70% of business owners read their email or execute calls to action from their mobile devices first.

Once your website is up and running, develop a media kit that contains business cards, educational white papers about technology solutions for businesses, case studies, and testimonials. Your media kit should be digital and in print, and contain a free offer for something such as a free, one-hour consultation or a free network audit. Email the digital version to prospects after initial phone calls. Hand out the print version when canvassing the neighborhood and introducing yourselves to local businesses in person.



# Engage in MSP Sales Training

# 09

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A common mistake new MSPs make is improperly qualifying leads, and that mistake most often leads to catastrophic results! Engage in MSP sales training and practice your sales engagement by role playing with a friend or co-worker. Many MSPs refuse to go through sales training. They just won't engage in role playing their sales opportunities before meeting with a sales prospect, and for that reason, MSPs have the lowest closing ratios of all professional services.

# Generate Leads and Close Sales

# 10

When you begin a business, you should expect to spend 80% of each day executing marketing and sales activities. It can take time to secure your first contracts, so stay focused and don't give up. It doesn't take a ton of sales wins to be successful. The average managed services contract will be for \$2,000 per month. If you close one deal per month – at the end of your first year of business, you'll have a business earning \$24,000 per month. If you up your game and get good at closing sales – you can close those deals on a three-year contract, which will generate over \$800,000 in total revenue. As you gain experience, you will close more deals. Make a goal to close 4-6 deals per dedicated sales person per month.

Follow these 10 tips for launching an MSP company closely, and you will earn a ticket into the “multi-million dollar company” club before you know it!



# About ManageEngine

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ManageEngine is the leader in low-cost enterprise IT management software. The ManageEngine suite offers enterprise IT management solutions including Network Management, Help Desk & ITIL, Bandwidth Monitoring, Application Management, Desktop Management, Security Management, Password Management, Active Directory reporting, and a Managed Services platform. ManageEngine products are easy to install, setup and use and offer extensive support, consultation, and training. More than 55,000 organizations from different verticals, industries, and sizes use ManageEngine to take care of their IT management needs cost effectively. ManageEngine is a division of ZOHOO Corporation. For more information, please visit [www.manageengine.com](http://www.manageengine.com).



# About ServiceDesk Plus MSP

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ServiceDesk Plus - MSP is a web-based ITIL-ready, help desk software with integrated asset management module built specifically for Managed Service Providers. It has been designed to handle multiple accounts in a single help desk so the MSPs don't have to juggle with multiple software. It is bundled with thoughtful features like Incident Management, Account Management, Asset Management, Knowledge Base, Service Level Agreements, Remote Control Management, and Purchase and Contract Management. All these modules come in a single package at a very affordable price.



# About the author

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Arvind Parthiban has over 7 years of experience in ITSM and ITIL. He has specializations in worldwide service desk implementations and consulting. Arvind has been an advocate for innovative approaches to learning and change throughout his career and has assisted 100+ global companies like DHL Global, Wolters Kluwer, Urban Outfitters, Pre Corp USA, Smart Tech CA, Strozz llc, Franklin University in their IT needs. He works currently as a Senior Marketing Manager for ManageEngine where he strategizes and markets ITSM group of products at ManageEngine and also oversees the complete implementation cycles in various environments while understanding and solving new problems and potential setbacks faced by IT administrators to deliver best results. He has authored the capstone book 'CMDB Implementation: A Tale of Two Extremes' where he talks about simplifying the process of implementing CMDB. In his whitepaper, "When Reality Hits ITIL Implementations," Arvind insists that it is very important to understand the environment and get the basics in ITIL right before proceeding any further. He also shares his crazy experiences in his blog page: [itilism.com](http://itilism.com). When not slaving over a hot Apple Mac, he enjoys outdoor life; playing football and travelling.