

POWERED
SERVICES PRO



FRAMEWORK FOUNDATIONS

STEP 6

**Packaging Your
Service Offering**

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Stanley
Schnizzer

INTRODUCTION

Packaging and pricing your managed service offering allows you to present your services in a way that is easy for clients to understand. Adequate packaging and pricing help you differentiate your services from competitors, increase sales and profitability, and build long-term client relationships. By defining your services, setting clear expectations, and providing transparent pricing, you can establish trust and credibility with potential clients and ensure that your services meet their needs.

First, we will discuss the importance of focusing on the end result when developing an IT support offering. Business owners want to know what they will get from your services, how long it will take, and what it will cost. By clearly communicating your support offering and demonstrating how it can help clients maximize their company's functionality, reduce risk, and increase profitability, you can effectively sell your services to the right clients.

Once you have a solid understanding of how to focus on the end result, we will dive into the critical question of how much of your offering is standard "everybody stuff" and how much should be defined by "your company way." Defining your company's unique value proposition and setting clear boundaries on what is included in your service offering is essential to ensuring you can deliver quality services profitably while maintaining your margins.



PACKAGING OVERVIEW

When it comes to offering managed services, your packaging and pricing strategy impacts your business. Not only does it affect your ability to attract and retain customers, it also impacts the quality of service you deliver and, ultimately, your profitability as you grow your customer base.

By considering these three key areas and developing a packaging and pricing strategy that aligns with your goals, you can position your MSP for success in the competitive IT industry:

YOUR ABILITY TO SELL TO NEW CUSTOMERS

Packaging your managed services clearly and concisely can help attract new customers. Customers will likely be interested in services that are easy to understand and provide value. Offering a package that meets the unique needs of a particular business can also be a selling point.

YOUR ABILITY TO DELIVER QUALITY SERVICE

The packaging and pricing of your managed services will impact the quality of service you can provide. If your packages are not structured properly, it can lead to over-promising and under-delivering. Your packages should deliver the right level of service for your clients and provide value for their investment.

YOUR PROFITABILITY AS YOU GROW YOUR CUSTOMER BASE

A suitable packaging and pricing strategy can help improve your profitability as you grow your customer base. A well-structured package can lead to higher margins and more predictable revenue. If your packages are not profitable, it can lead to difficulty scaling your business and meeting your financial goals.

If you sell recurring revenue, your service offering is at the center of your business. The structure of your packages impacts the amount of recurring revenue you generate. Your packages should encourage customers to renew their services regularly. By placing your service offering at the center of your business, you can build a more robust, sustainable business model.

Before moving on to other aspects of your business, such as sales or marketing, you must ensure that your service offering is well-packaged and priced. Investing time and effort into developing the proper packaging and pricing strategy can save you time and resources.

BEGIN WITH THE END IN MIND

Remember, don't just sell technology. All organizations need three things from IT – infrastructure like servers and network switches, support to fix these things when they break, and a strategy to tie in what they are doing with technology, in terms of how it impacts their business.

INFRASTRUCTURE

The physical components that comprise a company's IT system, such as servers, network switches and other hardware. This aspect of IT is essential to consider because it lays the foundation for the rest of the organization's IT services.

SUPPORT

The assistance provided to a company's IT system, including troubleshooting and resolving technical issues, providing maintenance and updates, and handling user inquiries. All these are critical to keeping a company's system running smoothly and ensuring that employees can continue to work without interruption.

STRATEGY

The alignment of a company's IT services with its business goals and objectives, understanding how leveraging technology drives growth and innovation in the business, and how to prioritize initiatives to serve the organization's needs best.

Everyone needs the same three things – it's not about the technology you use but about delivering what everyone needs. Focusing on these three aspects provides a comprehensive IT service that meets your clients' needs and aligns with their overall business objectives.

THE NEEDS OF SMBs HAVEN'T CHANGED

While the technology and tools used to deliver managed services have evolved, the needs of SMBs remain unchanged.

To meet these needs, MSPs must combine technology with the unique service offering of each customer. By doing this, you can deliver personalized, value-added services that meet the individual needs of each customer and help them achieve the following:

Increased productivity

Boosts efficiency and output to achieve more in less time.

Better morale

Increases job satisfaction and employee engagement, resulting in a positive work environment and increased employee retention.

Increased functionality

Enables businesses to use technology to automate tasks and improve operations.

Reduced risk

Reduces the likelihood of unexpected downtime or data loss, preventing business disruptions and costly recovery efforts.

Enhanced security

Protects the business from cyberthreats and data breaches, safeguarding sensitive information and client trust.

Increased competitiveness

Enables businesses to stay ahead of the competition by leveraging technology to improve processes, services and customer experiences.

Lower overall technology costs

Reduces expenses associated with hardware and software purchases, upgrades and maintenance.

Better profit margins

Increases revenue by improving operational efficiency, reducing costs and providing better products or services.

Better work-life balance

Provides employees with the tools and flexibility they need to achieve work-life balance, resulting in increased productivity and job satisfaction.

Peace of mind

Provides reassurance that the business is secure, operational and prepared for potential disruptions.

The goal is to integrate technology with a unique service offering and company culture — your company way — to create a valuable service that benefits your MSP and customers.

DELIVER THE END RESULT

The success of any business depends on its ability to package and price its services effectively. Here are some points to consider:

Your unique service offering combines your knowledge, experience and the technology you use to deliver that service.

Defining "your company way" involves identifying your unique process for delivering value, understanding how you impact your customers' business, and developing a system to institutionalize your knowledge and experience.

Proper packaging and pricing of your services are essential to ensure that you can deliver consistent, high-quality results to every client, regardless of who is involved in your team.

A well-packaged service offering delivers unique value to your clients, making them stand out from the competition, improving their overall satisfaction, and driving their long-term growth and profitability.

CHOCOLATE CAKE

A popular and effective TruMethods analogy to explain your service offering is the "chocolate cake" analogy. It cleverly presents the same product from two different perspectives – one broken down into its individual components and the other complete product.

WOULD YOU BUY THIS FOR \$29.95?

- » 3 cups sifted cake flour
- » 1 tbsp baking powder
- » 1 tsp baking soda
- » $\frac{1}{2}$ tsp salt
- » 8 ounces unsalted butter, softened
- » 2 cups granulated sugar
- » 4 eggs
- » 1 tsp vanilla extract
- » 1 $\frac{1}{4}$ cup buttermilk at room temperature
- » 6 oz (1 cup) semi-sweet chocolate, chopped
- » 2 tbsp light corn syrup

At first glance, the ingredients seem like an unappealing product. Although they are for a chocolate cake, you did not expect to receive them in their individual parts. As someone who isn't a baker, you might find only some ingredients beneficial, especially if you already have some of them. In essence, the product seems unattractive and incomplete – much like a preliminary service offering that does not provide value to the client.

However, would you buy this instead?



Imagine a freshly baked cake with a generous layer of icing and award-winning flavor. In this example, you have a finished product carefully crafted by a skilled baker who combined all the ingredients and created a unique recipe. How far would you go to get your favorite cake? You might drive past several other bakeries, even if it costs more, simply because your favorite bakery turns those ingredients into something special.

When it comes to your service offering, are you selling ingredients, or are you selling cake? The analogy of the cake highlights the importance of combining your company's unique process, knowledge and experience to deliver a finished product that has value for your clients. Just as a baker combines ingredients to create a cake with a specific flavor and texture, you must combine your expertise to deliver a unique service that meets your clients' needs and expectations.

Let us take the analogy a step further. Let's say you have all this on the table for \$4,000 per month:

Patching	Remote support	Hardware support
Anti-spyware	On-site support	Technology planning
Antivirus	Technology alignment	Virtual servers
PC optimization	Best practices	Remote backup
Backup	Moves/adds/changes	HaaS
DRP	Documentation	IaaS
SOC	Monitoring	SaaS
CSC	Remediation	Hosted applications

The components of your monthly service offering cover the details of what you can do for the customer's IT environment. However, showcasing them doesn't effectively convey your vision. It's like looking into a bakery window and seeing only lists of ingredients instead of cakes.

Presenting your vision to customers demonstrates how it directly affects their goals, regardless of how you achieve them. Investing time in your recipe and process makes your results more tangible. Packaging is like a chocolate cake — the recipe and method of putting the ingredients together are how you deliver business outcomes.

THE RIGHT SERVICE OFFERING

The key to delivering the right service is to combine ingredients with your recipe, or "your company way." Here are the components to consider:

INGREDIENTS (WHAT EVERYBODY DOES):

- » Support
- » Antivirus/anti-spyware
- » Monitoring
- » Backup & disaster recovery
- » Helpdesk
- » Cloud services

YOUR COMPANY WAY (YOUR RECIPE):

- » Process
- » People
- » Resources
- » Best practices
- » Standardization
- » Documentation
- » Technology consulting

Combining the ingredients with your company way, you institutionalize your service delivery and create a unique and valuable service offering. Remember, it isn't just about the individual components but how you put them together that makes your service offering special.



TYPICAL "MANAGED SERVICES"

Are you offering managed services that tick the boxes of standard IT support? By incorporating the right ingredients and your company way, you can deliver a winning service offering that provides real value.

Typical "managed services" ingredients:

SUPPORT

- » Helpdesk
- » On-site Service
- » Mobile Devices

CENTRALIZED SERVICES

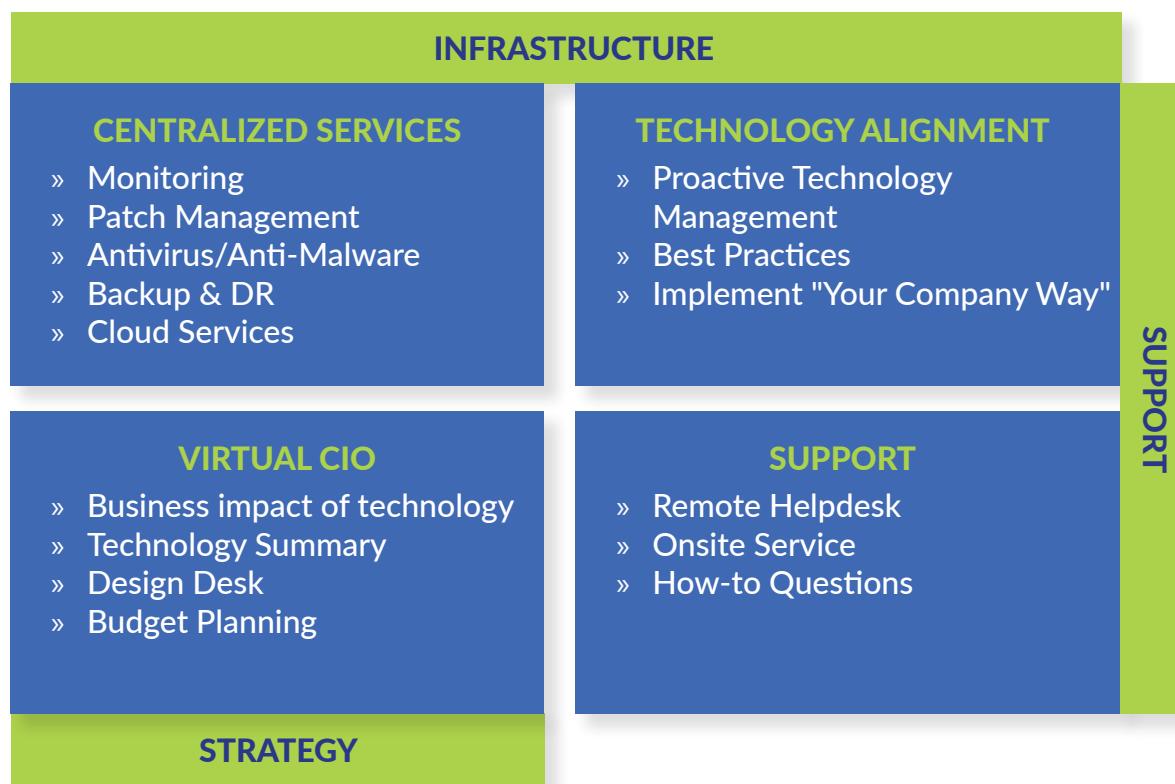
- » Monitoring
- » Patch Management
- » Antivirus/Anti-Malware
- » Backup
- » Cloud

But are these enough to stand out from the competition? The answer is no. Virtually every managed service provider offers these ingredients.

THE FOUR BLOCKS

By combining support and centralized services with technology alignment and virtual CIO, you can offer a complete package that delivers tangible results to clients. With your four-block service offering, your clients can achieve their business goals, improve work-life balance and increase profitability.

The four blocks are the foundation of your service offering. With virtual CIO and technology alignment, you can set yourself apart from the competition and offer a unique value proposition.



INFRASTRUCTURE

Deliver proactive technology management, implement "your company way," and offer best practices in addition to centralized services.

SUPPORT

Combine the power of technology alignment with the helpdesk, on-site service and mobile device support.

STRATEGY

Deliver a virtual CIO that offers the business impact of technology, technology summary, design desk and budget planning.

GOOD PACKAGING SHOULD:

EXPLAIN THE REASON A PROSPECT SHOULD BUY

Communicate the value proposition and benefits of your service offering to the prospect. By emphasizing how the four blocks of infrastructure, support, strategy and technology alignment align with the client's needs, you can convince them that your solution is the right fit for their business. As discussed earlier, it is vital to address the prospect's pain points and demonstrate how your service offering can solve their specific problems.

MAKE IT EASY TO UNDERSTAND THE END RESULT

Communicate the expected outcomes and benefits to the client. By defining the end result, you can help clients understand how your service offering will impact their business and what they can expect from your services. You can achieve this by creating a clear and concise value proposition and outlining the specific benefits of each block in your service offering.

ALIGN YOUR OFFERING WITH SERVICE DELIVERY

Ensure you are providing a consistent experience to your clients. Your delivery teams know what to do and what success means to them. It means you can maintain quality and reliability in your service delivery, which is essential for building trust and long-term relationships with clients.

DEFINE ROLES AND RESPONSIBILITIES

Outline who is responsible for what and for what each role is accountable. It not only helps to confirm that everyone is on the same page but also helps minimize confusion and misunderstandings, and affirms that each aspect of the service offering is delivered effectively.

MEASURE YOUR SUCCESS

Define clear metrics and benchmarks to ensure you deliver the different areas of your service offering correctly and that your clients are experiencing the outcomes they expect. You can achieve this by setting targets for other areas of your service offering, tracking progress and adjusting where necessary to ensure you meet your client's needs.

YOUR SERVICE OFFERING

FOCUS ON THE END RESULT

Emphasize the end result your service delivers for the business owner since they may not have much knowledge of IT but want to know what they will spend, what you will do and how much time it will take. Your support offering should often answer concerns on business owners' minds, such as reducing risk, increasing functionality and generating the most revenue with the fewest employees.

PEOPLE, PROCESS, TECHNOLOGY AND TIME

Consider the people, process, technology and time involved when delivering your service. Identify the roles of those involved, determine the processes and technology needed and ensure that you have enough time to complete the necessary tasks.

DEFINE YOUR "EDGES"

Clearly define what your monthly fee does and does not include to avoid confusion and provide transparency for the business owner. Prevent gray areas so your customers and employees know what to expect.

LIMIT CHOICES AND OPTIONS

Limit the number of choices and options you offer to maintain consistency in your company's delivery and ensure that you provide a clear, effective solution to the business owner.



REMOVE ENTRANCE BARRIERS

Remove unnecessary entrance barriers, such as complex contracts and upgrading technology, that prevent business owners from buying from you.

SUMMARY

It is important to determine how much of the offering is standardized "everybody stuff" versus what is unique to "your company way." It would help if you struck a balance between the two to provide consistent, reliable service while differentiating yourself from other companies. By clearly defining the "your company way" aspects of your offering, you can effectively communicate your value proposition to potential clients and stand out from the competition.

To effectively sell your IT support offering, focus on the end result that clients want to achieve, communicating what you'll do, how long it will take and what they can expect to spend. By highlighting how your services maximize functionality, reduce risk and increase profitability, you can win clients who may not know much about IT but know their business.

