Understanding Outsourced
IT PRICING

CYBER GUARDIAN
CONSULTING GROUP

THE SMALL AND MEDIUM BUSINESS OWNER'S GUIDE

Understanding Outsourced
IT PRICING

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About the Author

In short, I've been helping businesses with next-generation security, software & hardware solutions for the better part of the last two decades. You can learn more about me and my company, Cyber Guardian Consulting Group (CGCG), on our website, but for now, let's get to the good stuff. Read on to learn everything you need to know about computer support pricing.

Understanding Outsourced IT Pricing

According to one recent study, roughly 55% of small business owners today believe that the technology tools at the heart of their organizations aren't actually helping them accomplish their goals – instead, they're just getting in the way. The same study revealed that the number one hurdle is a lack of internal knowledge of how to best utilize said technology.

My name is Nick Martin, and for the past ten years I've dedicated myself to providing both large and small companies with premium IT services and offering next-generation security, software & hardware solutions that replicate everything you would get from an internal IT department. My goal is to help my clients effectively address issues like the ones outlined above as skillfully as possible. I run a company called Cyber Guardian Consulting Group and since 2015, we've provided clients all across New York and the surrounding areas with outstanding computer support, a broad array of security and backup solutions, and most importantly, information.

And now, with this guide, I want to do the same for you.

When technology is leveraged properly, it's a way to guarantee that your IT feeds into and empowers your larger organizational goals. It's a way to adeptly address the challenges of today and better prepare yourself for the needs of tomorrow. Computer and IT support companies like ours are a great way to accomplish exactly that, which is why our industry has been expanding rapidly over the last decade.

Which, of course, demands the question: what should you actually pay a company to manage your IT?

In truth, there is an easy way to answer that question as long as you keep a few key things in mind.

I wrote this guide to shed as much light as possible on the "easy way", both for now and for all

time. Primarily, this guide is designed as an educational tool – I want you to know exactly how IT services companies commonly package and price their services, and I want to outline the advantages and disadvantages of each. I also want to make sure that you're in a better position to properly evaluate the companies you're thinking of working with, so that you don't just pick ANY IT services or computer support provider but the RIGHT partner for the RIGHT situation at exactly the right time.

But above all else, I want to help make sure that you have all the information you need to make the most informed decision possible. I want everyone to be able to enjoy having an IT foundation that helps you solve problems and accomplish goals within your time frame, your budget, and in the manner that makes the most sense for your organization.

The Major IT Service Models: An Examination

Before you can get a better understanding of exactly what you'll pay when working with a managed services provider, you must first learn as much as you can about the various service models that companies fit into. While it's certainly true that no two IT companies are created equal, generally speaking, there are three main models that companies use to generate value for customers like you. These include:

- **Software-based IT Services.** This is commonly provided at the vendor level and comes by way of value-added features like help desk support, remote support, and more – usually for an additional fee. If you deploy Application X across your enterprise, you can "upgrade" to IT support at the same time. The advantage of this is that there is always someone to turn to in the event that you run into an issue, but the downside is that the level of service is often scaled back to a significant degree. Support is limited to that vendor's specific application, which means that if you want true support for every application you're using, you will be dealing with a plethora of vendors at any given time. Likewise, if the problem rests on your side of the infrastructure and not the vendor's, you

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will still likely have to fix any issues with your own in-house people.

- **Break-Fix Services.** Also commonly referred to as the "time and materials" model, this allows you to pay a specific hourly rate for a qualified technician to come in and address problems on a case-by-case basis. The advantage of this is often one of cost – you can usually negotiate a significant discount if you pre-purchase a defined block of hours ahead of time. The downside of this is that it is very reactionary – it's focused exclusively on waiting for a problem to occur so that you can fix it. It does little to allow you to take steps today to mitigate or eliminate the possibility of said problem tomorrow.

- **Managed IT Services (aka a Virtual IT Department).** This is a services model that, essentially, allows a third party company to take on the role of your own in-house IT department. Not only will a company using this model both implement and support all devices connected to your servers and networks, but you will also have access to a wide range of additional support services like on-site support, remote support, security, backup and disaster recovery, antivirus and more. The major downside of this model is that, for many organizations, it requires them to totally re-think the way they approach IT in the first place.

Some companies fall squarely in one of these three defined categories, while some use a combination of two or even three to meet the expectations of their customers. For the sake of discussion, let's assume that you're looking for more than just a basic-level support package, and you need something a little more robust to support your business in the way that you need to keep moving forward at all times.

That eliminates software-based IT services for most businesses immediately, as while there is certainly something positive to be said about a vendor offering assistance with their own product, it's hardly the most thorough avenue to pursue.

Would a Full-Time IT Manager Be a Better Solution?

At this point, it's also important to address the elephant in the room – why should you outsource any or even all of your IT infrastructure to a third party when you can just bring on new employees to do the same? Is third party support via a company with dozens or even hundreds of customers really better than paying an employee to do the same job with totally undivided attention?

In a word, "yes."

Consider the fact that, according to a study conducted by US News, the median salary of a full-time IT manager came in at $135,800 in 2016. The upper end of that spectrum was a salary of $208,000, while even the lower end was still $82,360. Keep in mind, that's the cost associated with hiring just a single new employee. Once you begin to surround that person with the team they need to remain proactive, along with the ongoing training and education they need to stay up-to-date on all of the latest trends and best practices, those prices climb even higher.

For companies with under 50 employees, this is typically not a cost-effective way to address their current and future needs from an IT perspective. IT outsourcing can absolutely generate the results you need in a far faster, cheaper and more efficient way – to the point where, for many small businesses in particular, there literally is no other option.

Don't Pay For Services, Pay For Value

Once you acknowledge that paying for IT services is the way to go for your business, and that software vendor-based services leave a lot to be desired in your particular situation, the next most obvious question becomes: how do I find the partner that meets my needs and what can I expect to pay as a result?

To adequately answer that question, one must understand the fundamental difference between

the technical side of IT services and the value that those services are supposed to provide. In the best possible situation, you're paying for a third party to come in and reinforce your infrastructure not for the sake of it, but because this is the only way to properly align your technology with your long-term goals. You have specific objectives you need to accomplish and the careful application of technology is the best way to do it. Helping you better meet your objectives is value. A ream of technical specifications sheets and empty promises are not.

It is for that reason that most people choose to eschew companies operating under the "break-fix" model that we were talking about earlier and instead look for true managed IT services providers. That's not to say that there is anything inherently wrong with the "break-fix" model necessarily – it's just that much of the value being provided funnels in the direction of the company that you're working with, not the company you've already worked so hard to build.

Case in point: when you enter into a service agreement with a company operating under the "break-fix" model, you're working with someone who is getting paid by the hour. Based on that alone, it is not in their best interest to work hard to stabilize your IT, your network, or your company. They are being paid, quite simply, to react. You encounter a problem, you pick up the phone, they solve it. Rinse, repeat.

The problem is that this leaves the door open to a host of different situations, almost none of which work in your favor. The burden of learning curve inefficiencies – meaning that you've sadly run into a very unique problem that your provider must now work to solve – falls entirely on you. You're paying for their training and their effort. If the technician assigned to your file makes a mistake and suddenly a one hour job turns into a three hour job, too bad – you're paying for all three of those hours. If a small problem reveals itself to be a much larger one, suddenly you're in the realm of scope creep – which will absolutely work against both you and your bottom line.

Again – that's not to say that "break-fix" companies are inherently bad. It's just that for many people, their needs will quickly eclipse what these companies are able to actually provide – especially when you consider that the hourly cost for such services can be between $100 and $200 per hour, on average, in most cases. That's $100 to $200 per hour whether you're having

someone come in to troubleshoot a total outage or if you're just having them come onto your property to install a router. The scope of the job may change, but the price you'll be asked to pay will not.

The vast majority of managed IT services providers, on the other hand, charge a flat monthly fee for all work to be performed. The total amount of this fee is often negotiated based on a number of factors including the number of devices that will need to be maintained, the extent of the network that is being worked on, the total number of users they're working with, and more.

Whenever you begin to investigate managed IT services providers in your area, there are certain basic levels of services (read: value) that should be included in that monthly fee. This means that beyond the price that is stated in your own monthly contract, you should not have to pay extra for things like the following:

- Any activities relating to optimizing your systems, your equipment, and your network for the best speed and performance.

- Proactively monitoring factors like disk space on workstations and services.

- Proactively monitoring all mission-critical equipment for signs of failure.

- Backup and disaster recovery services.

- All cybersecurity-related services, including, but not limited to, things like spyware detection and removal, firewall updates and monitoring, security patches that are applied as frequently as possible, and more.

There are certain types of services that may not necessarily be a part of the provider's "base" level of coverage, like helping you move your infrastructure from one office to another, installing new servers, or other equipment or performing upgrades, but they are often available for an additional monthly fee. Again – this price can be negotiated based on what your expectations are, what you need, and what you're willing to pay for it.

But to return to the recurring theme of "don't pay for services, pay for value," there are also a number of other factors you'll want to investigate before choosing to work with any one particular partner. If you're going to be paying for third party support, you need to define early on what "support" actually means in this context.

- Do they break down exactly what they're doing and, more importantly, why they're doing it? Meaning do they provide detailed invoices to show what work was done, why that mattered and more – all so that you know exactly what you're paying for at any given time?

- Do they act as IT managers, helping to write IT policies and procedures and sit in on meetings where an IT presence is needed?

- Do they manage other IT related vendors on behalf of your business?

- In terms of backup and disaster recovery, are all backups kept both on-site and off-site in a secure facility? How often are backups performed? Daily? Weekly? Monthly?

- Do they provide support in terms of compliance? In most cases, IT service providers are required to maintain the same compliance of their clients – are they even compliant themselves?

- Just how proactive is their service? They may be proactive about fixing small problems before they become larger ones, but will they continually make recommendations regarding tangible ways that you can improve your network's performance moving forward?

- Do they provide consulting and advising support? Do they have someone dedicated to making sure that your technology is perfectly aligned with your business growth goals?

All of these are important qualities to look into and will greatly affect the amount of money you

will be asked to pay for managed IT services.

Now, having said all that, we return to the original question: "what will I need to pay for the level of managed IT support that I need moving forward?" By now, the answer to that question should be obvious: "it really does depend."

The truth is that nobody in good faith can tell you, "you will pay $X per month for all of your IT support and services needs and not a penny more," because those needs play such an important role in the proceedings. Companies that are simply looking for a third party to come in and support their existing in-house staff will obviously require less (and pay less) than a company that is looking to outsource the entirety of their IT infrastructure.

But really, you only have to answer one simple question:

"Does the value that you're getting from managed IT services, either in terms of revenue generated or time/energy/money saved, eclipse the price you're being asked to pay?"

If the answer to that question is "yes," then congratulations – price isn't something you have to worry about any longer.

A Final Thanks, and a Special Offer Just For You

The most important thing to understand is this: the way your company utilizes its technology is directly related to its goals. Start by creating a plan or even a basic outline of how you want your technology to aid in achieving your goals. Then, begin your search for an IT company that will partner with you to work out the logistics. These two steps will help you take control of your company's resources and ensure that your technology is adding value to your company.

The right IT company for you will be willing to sit and listen to your needs and will then offer productive solutions to any problems or concerns identified. In effect, you will have found the

right partner. Provided you've followed these steps and have found the right IT company, then paying a fair, competitive, and accurate price for everything you need should be a foregone conclusion.

With all of that in mind, I'd also like to offer you something in exchange for giving me access to your most precious of resources: your time. Because you were willing to read this guide from start to finish, I'd like to give you the chance to take our relationship one step further.

At CGCG, we understand how important technology is to the very foundation of your business. Everything that you've already worked so hard to build depends on it, which is why we want to help make sure that this foundation is as strong as it can possibly be.

It's also why we're inviting you to contact us today for a complimentary business evaluation. Not only will we help you understand how you can optimize your technology today, but we'll work with you to help identify the things that will minimize any issues for years to come.

- During the evaluation, we'll start by asking questions and listening.

- We'll determine where you want to see your technology go, together.

- If there's something we can help with right away, we will.

Our end goal is simple. We want to make your technology work smarter, so you don't have to work harder. You're busy enough running the business you built from the administrative side, let us help from the technology side.

So don't delay - **contact us today for your complimentary business evaluation**.

Sincerely,

Nick Martin

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Kingston, New York

About Cyber Guardian

CGCG was founded to provide the best small-to-medium business IT support experience.

An experience where organizations like yours can finally find a trusted partner to provide skilled IT and cybersecurity solutions that you can depend on.