



BUILDING A REVENUE- GENERATING AI PRACTICE FOR MSPS

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Table of Contents

Prelude	01
Introduction	05
Develop a Consulting Practice	06
The AI Consultancy	07
Data Privacy and Security	08
AI In Documentation & Transparency	08
AI Business Metrics	09
Assemble a Beta Test Team	11
Best Test Team Roles - Leaders & Power Users	11
Successful Power User Attributes	12
Turning AI Play-Time Into Business Use-Cases and ROI	12
Deploying Chatbots Inside Microsoft Teams	13
IT Self-Help Chatbot	14
HR Chatbots	15
Training and Employee Onboarding	15
MSP Chatbots Help Engineers & Supervisors	17
Learn More About Our AI Bot for MSPs	17
Empowering Engineers with Customized Solutions	17
Enhancing Customer Communication	15
Service Desk Manager Assistant: Proactive Ticket Management	18
Integration with Your Core Systems (PSA / Client Documentation)	20
Lessons Learned Along the Way	21
Portability of AI Models	21
True Knowledge Management Back-End	22
Importance of the End User Feedback Loop	22
Partnering with xop.ai	23



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Staying ahead means leveraging the most cutting-edge tools and strategies available. This e-book is designed to provide Managed Service Providers (MSPs) with a comprehensive blueprint to integrate AI into their service offerings, thereby positioning themselves as leaders in the market. By adopting these strategies, MSPs can enhance their service capabilities, differentiate themselves from competitors, and generate new revenue streams.

This e-book is authored by a three-decade veteran of the MSP community. I am the former CEO of designDATA, a MSP with over 100 staff serving the DC metro area. I left designDATA to form xop.ai expressly for the purpose of enabling the MSP community to truly take advantage of the AI opportunity sitting in front of us. AI can transform your internal service operations and offer an opportunity to provide a mature knowledge management solution to your clients.

Preface - How to Become the AI-Infused MSP

This e-book offers insights into how MSPs can harness the power of AI to transform their businesses and better serve their clients. It provides a detailed roadmap for implementing AI solutions that address common challenges in IT service management, such as improving ticket resolution speed, identifying at-risk tickets, and reducing operational costs through automation. We also spend considerable time detailing how MSPs can stand up a revenue generating AI consulting and knowledge management practice.

Connecting to ConnectWise Manage for Enhanced Problem Solving

By integrating our AI solution with ConnectWise Manage, MSPs can significantly reduce the time engineers spend solving problems. The AI bot connects directly to service desk data and documentation sources, helping engineers quickly access the information they need. This integration improves first-call resolution rates and reduces the mean time to resolution (MTTR), resulting in a more efficient service desk and happier clients. Imagine reducing ticket resolution times by 30%—that's the kind of ROI we're talking about.

Identifying At-Risk Tickets with AI

Our AI solution is designed to proactively identify tickets that are at risk of going poorly. By analyzing various data points—such as end-user sentiment, communication cadence and clarity, and the competence of the assigned engineer—our AI bot can flag tickets needing attention before they escalate. This proactive management approach helps MSPs maintain high service quality, avoid costly service failures, and ensure customer satisfaction. MSPs can expect a reduction in escalated tickets by up to 40%, directly impacting customer retention and reducing churn.

Implementing IT Self-Help Chatbots

The deployment of IT self-help chatbots is a game-changer for MSPs looking to reduce labor costs and improve service efficiency. These chatbots can handle routine IT tasks, such as password resets and basic troubleshooting, which deflects 20-40% of level 1 tickets that would otherwise require human intervention. This not only reduces labor costs but also allows skilled engineers to focus on more complex and value-adding tasks. Clients benefit from faster resolutions and MSPs from reduced overhead, presenting a clear win-win situation.

Opportunities in Selling Knowledge Management Solutions

Another compelling opportunity is offering knowledge management solutions, such as chatbots trained on clients' proprietary data. These chatbots can be tailored to provide precise and context-aware answers, transforming the client's internal knowledge base into a dynamic and accessible resource. By selling these solutions, MSPs can position themselves as forward-thinking partners capable of delivering innovative tools that drive efficiency and productivity. The ROI here is substantial: clients can reduce internal support costs by up to 25% while improving employee satisfaction and engagement.

Positioning Your Firm as the “AI-Infused MSP”

By leveraging the strategies outlined in this e-book, MSPs can position themselves as “AI-infused” organizations—pioneers in the application of AI technologies within the managed services sector. This positioning not only differentiates an MSP from competitors during the sales process but also resonates strongly with clients looking for partners who understand the future of technology. MSPs that adopt these AI solutions can showcase their unique value proposition, demonstrating a commitment to innovation, efficiency, and customer-centric service delivery.

Differentiating your MSP over others in the Sales Process

In a competitive market, differentiation is key to winning new business. Integrating AI into your service offerings enables MSPs to stand out by providing more efficient, proactive, and intelligent services. By showcasing your AI capabilities during sales presentations, you can offer prospective clients something your competitors cannot: a partnership with an MSP that is not only keeping pace with technological advancements but is leading the charge. This differentiation can significantly increase the win rate in new sales opportunities and foster stronger, longer-lasting client relationships.

This e-book serves as a guide to navigating the complexities of integrating AI into your MSP business model. By following the strategies outlined, MSPs can build a robust AI practice that not only enhances service delivery but also drives new revenue streams and positions their firm as a leader in the managed services industry. Embrace the future—transform your business into an “AI-infused MSP” and differentiate yourself in the marketplace with cutting-edge, revenue-generating AI solutions.

Thanks For Reading,
Matt



Introduction

As a former CEO of a successful MSP, I understand the business landscape and the challenges MSP leaders face, especially in the evolving AI environment. A successful MSP acts as a "trusted advisor" to clients, providing the latest technology and security solutions. This e-book aims to address these challenges and support MSPs in delivering practical AI solutions to their clients. I'm Matt Ruck, founder of xop.ai, which helps integrate AI solutions into MSPs, both to improve internal operations, and to offer AI solutions to your clients.

As CEO of designDATA, I saw employees spend hours searching for information and IT departments overwhelmed by basic requests that could be automated with AI. This widespread issue inspired me to launch xop.ai to help companies use AI to enhance workforce efficiency.

This e-book provides a blueprint for MSPs to consult and sell AI knowledge management solutions. Key areas include:

- Developing an AI Consulting Practice
- Leading an AI Beta Test Team
- Deploying Staff Productivity Chatbots
- MSP-Focused Chatbots for Engineers & Supervisors (don't miss this section!)



Develop a Consulting Practice

When I first started xop.ai, I focused on providing AI technology, specifically chatbots, as the primary deliverable to my clients. I quickly learned that many prospective clients realized they needed to integrate AI solutions into their workflows but lacked a general AI strategy and the technical knowledge to develop such a strategy. Consequently, I first focused on consulting prospective clients on AI and integrated a consultancy practice into my business.

Due to the rapidly changing AI landscape, it was not surprising to discover that most companies lacked a solid AI strategy and feared the implications of using AI, particularly regarding data protection and privacy.

Additionally, I found that my potential clients required further assistance in understanding how documentation, metrics, and the general transparency of an AI rollout might differ from other projects they had encountered. Establishing an AI consultancy is the quickest way to help clients understand how to implement AI, feel comfortable and secure with using AI solutions, and track the benefits gained by using AI.



The AI Consultancy

Establishing an AI consultancy is crucial not only to help clients build a robust AI strategy but also for significant potential revenue gains. MSP providers have unique insights into the priorities of their clients, their business structures, and their challenges. MSPs are in a unique position to integrate innovative technology to assist their clients in these areas and are ideal for working with their clients to customize an AI strategy that works well for both companies. Establishing your firm as an AI consultancy is the first step to monetizing an AI practice within your MSP. The AI consultancy can be structured as a billable project, a monthly retainer, or a no-charge value-add that leads to AI-related project work in the future. Another approach includes forming AI advisory peer groups, where clients pay a modest monthly fee to participate, allowing one or two members from each client to join a cohort. This last option can be a cost-effective way for smaller clients to start building an AI strategy.

"The key to thriving in a commoditized market is differentiation. AI isn't just a cost-saving tool; it's a revenue generator, offering new services that clients are willing to pay for."



Data Privacy and Security

Once a consulting method is established, it is crucial to educate and implement data privacy and security policies to protect sensitive information. Regularly educate your customers on the importance of these practices and emphasize safeguarding organizational data. Maintain human oversight to complement AI insights with ethical decisions. AI bots can ingest substantial amounts of data to answer questions, but without careful control, they may produce answers that violate confidentiality and security protocols. Data must be classified before ingestion, so starting with zero data in the bot and gradually allowing small, thoroughly tested data sets is a preferred approach. Understanding your organization's data is critical. AI tools depend on the quality of data they process. Ensure the beta test team understands data sources, conducts quality checks, and adds relevance to tailor AI tools to company needs and generate actionable insights. These methods can also identify and address data governance gaps to enhance AI efficacy.

AI in Documentation & Transparency

To build trust and transparency, establish AI disclosure and citation requirements and clearly communicate AI involvement in tasks like meeting notes or document drafts. Define specific use cases, such as allowing AI to review reports but not draft initial content. Role-specific guidelines help maintain efficiency and quality. Begin by listing approved AI tools and their intended purposes.



For example, Microsoft Copilot might be approved for content review but restricted for initial content creation. Ensure AI tools only access explicitly permitted data and regularly update this list for new tools that meet security, compliance, and ethical standards.

AI Business Metrics

Monitor and evaluate AI solutions by establishing performance metrics and reviewing them regularly to align AI usage with organizational goals. Track metrics such as AI-resolved inquiries versus those requiring human intervention. Create feedback channels to refine AI policies and enhance strategy. If these steps are implemented, an MSP inherently develops an AI policy. You can then help formulate an AI beta test team or AI cohort to take the next logical step.

"The cost of labor is rising, but the value of efficiency is rising faster. AI-driven solutions can reduce time-to-resolution by up to 30%, allowing engineers to focus on more complex challenges."



Key Takeaways:

- ✔ **Consulting Structures:** AI consultancy can be structured as billable projects, monthly retainers, or value-add services, with advisory peer groups as a cost-effective entry point for smaller clients.
- ✔ **Data Privacy and Security:** Implement and regularly educate clients on data privacy and security policies, emphasizing the need for human oversight and careful data ingestion.
- ✔ **Understanding Data:** Ensure your beta test team comprehends data sources, quality, and relevance to tailor AI tools effectively and identify data governance gaps.
- ✔ **Transparency and Trust:** Develop AI disclosure and citation requirements to maintain transparency and build trust with stakeholders.
- ✔ **Role-Specific Guidelines:** Clearly define AI use cases and role-specific guidelines to ensure efficiency and quality without compromising expertise.
- ✔ **Approved Tools List:** Compile and regularly update a list of approved AI tools, specifying their purposes and ensuring compliance with security and ethical standards.
- ✔ **Performance Monitoring:** Establish and review performance metrics to align AI usage with organizational goals and create feedback channels for continuous improvement.



Assemble a Beta Test Team

Like many other DevOps projects, having a beta test team is essential for successfully integrating AI solutions into an organization. The primary goals of the beta test team are to thoroughly test AI tools in a controlled environment, ensuring the technology is safely and efficiently adopted by the workforce while adhering to the company's compliance standards. Additionally, this team can identify and resolve issues before the tools are rolled out to the entire organization. They evaluate how well the tools work, their security, and their ease of use, ensuring everything meets the organization's standards.

Beta Test Team Roles – Leader and Power Users

In my experience, a successful Beta Test Team consists of two main roles. The first role is the Beta Test Team Leader, a representative from the MSP Consultancy with strong interpersonal skills who can facilitate productive meetings with the MSP's clients. The second role comprises representatives from each of the client's departments who can be classified as "Power Users." Power Users have a deep understanding of both the AI tools and the specific needs of their departments, making them ideal for providing practical, hands-on training tailored to the unique challenges and opportunities within their areas.



Successful Power User Attributes

The success of a Beta Test Team depends on the buy-in and value added by the Power Users. Strong Power Users possess a wide range of skills: they are motivated by change, thrive with innovative technology, and are invested in their organization's strategy. They can create business cases with new tools and enjoy educating their colleagues on how to gain the best value from using new technology. Their diverse perspectives ensure comprehensive testing. Not only do they test the tools, but they also explore how these tools can be used in their departments. Their insights are invaluable in finding real use cases that can drive ROI.

Turning AI Play-Time into Business Use-Cases & ROI

A successful Beta Test Team must meet regularly to discuss the rollout of new AI technology. Their experimentation turns into practical applications that drive ROI. While engineers provide the technical foundation, it is the business community—those who use the tools daily—who uncover the most valuable use cases. Power Users explore various features, discovering innovative ways to enhance productivity and decision-making. The team tests solutions, establishes buy-in, and trains staff, ensuring AI tools are effective and embraced by everyone, highlighting the importance of involving business users in AI adoption.



Key Takeaways:

- ✔ **Controlled Testing:** The beta test team ensures AI tools are thoroughly tested for functionality, security, and usability before full deployment.
- ✔ **Departmental Buy-In:** Involving Power Users from various departments helps build support and address concerns about AI initiatives.
- ✔ **Tailored Training:** Power Users provide hands-on training tailored to departmental needs, enhancing the effectiveness of AI tools.
- ✔ **Discovering Use Cases:** Experimentation by Power Users leads to the discovery of practical applications that can drive productivity and ROI.
- ✔ **Crucial Role in AI Adoption:** The beta test team is indispensable for the successful implementation and acceptance of AI within an organization.

Deploying Chatbots Inside Microsoft Teams

Microsoft's ability to connect across the M365 and Azure ecosystems and integrate AI technology catalyzes business efficiency. It is no wonder why Microsoft Teams is currently the most used social platform by businesses. Let us start with an IT self-help chatbot integrated with ConnectWise Manage PSA for ticketing and then explore other exciting use cases for HR, training and onboarding, and customer support.



IT Self-Help Chatbot

Imagine having a virtual assistant ready to help with IT issues 24/7. An IT self-help chatbot, integrated into Microsoft Teams and connected with ConnectWise Manage PSA, can handle common IT problems like password resets, software installations, and troubleshooting connectivity issues. Employees get immediate assistance, boosting productivity and reducing downtime.

For instance, an employee experiencing a printer issue can simply type their problem into Teams. The chatbot guides them through troubleshooting steps and, if necessary, creates a ticket in ConnectWise Manage PSA with all the initial diagnostics completed. This ensures a seamless handoff to human technicians, who have all the necessary information, saving time and reducing the back-and-forth often required to diagnose an issue.

This integration allows the chatbot to resolve issues directly and keep employees updated on the status of their tickets. They can ask the chatbot for updates and receive real-time information without leaving Microsoft Teams. This has the potential to reduce labor costs by 20%.

"Historically, engineers spend nearly 60% of their time on repetitive tasks. AI can cut that by half, freeing up valuable resources for more strategic initiatives."



HR Chatbots

Like an IT-focused chatbot, an HR chatbot can handle routine inquiries like questions about leave policies, payroll information, and benefits. Employees can quickly get answers without having to sift through manuals or wait for HR staff. For instance, if someone wants to know their remaining vacation days, they can ask the chatbot and get an instant response. This frees up HR personnel to focus on more complex issues and strategic initiatives.

Training and Employee Onboarding

An AI training chatbot can guide new hires through their onboarding process, providing information about the company, its culture, and essential procedures. It can also offer training resources, answer frequently asked questions, and even quiz employees on their knowledge. This makes the onboarding experience more interactive and ensures new employees have a consistent and comprehensive understanding of their roles and the company. This project also brings you, the MSP, into a closer relationship with your client. You have evolved beyond providing IT services and crossed into the world of “business analyst.” That kind of relationship is deeper, drives greater value, and potentially separates you from competitors.

Integrating productivity chatbots into Microsoft Teams can significantly enhance efficiency and streamline various processes across your organization.



Starting with an IT self-help chatbot that integrates with ConnectWise Manage PSA sets the stage for expanding into other valuable areas like HR assistance, training, and customer support. These chatbots not only provide immediate assistance and reduce the burden on staff but also foster a more responsive and personalized customer experience, enhancing engagement and satisfaction.

Key Takeaways:

- ✔ **24/7 IT Assistance:** An IT self-help chatbot integrated with ConnectWise Manage PSA or ServiceNow can handle common IT issues, boosting productivity and reducing downtime.
- ✔ **Seamless Ticketing / Ticketing Integration:** The chatbot creates detailed tickets, ensuring a smooth handoff to human technicians and saving time.
- ✔ **Labor Cost Reduction:** Effective chatbot deployment can potentially reduce labor costs by 20%.
- ✔ **HR Efficiency:** An HR chatbot can quickly address routine inquiries, freeing up HR personnel for more complex tasks.
- ✔ **Interactive Onboarding:** A training chatbot enhances the onboarding experience with interactive resources and consistent information.



MSP Chatbots Help Engineers & Supervisors

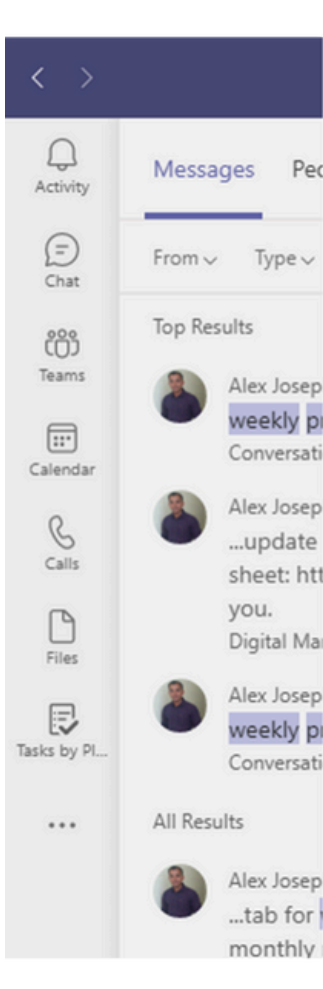
Learn More About Our AI Bot for MSPs

At xop.ai, we understand the unique challenges Managed Service Providers (MSPs) face daily. That's why we've developed a powerful AI bot designed specifically to help engineers and service desk managers enhance their productivity and efficiency. Our AI assistant provides customized resolution plans and offers communication suggestions to ensure seamless problem-solving and customer interaction.

Empowering Engineers with Customized Solutions

Our AI bot acts as a dedicated assistant for engineers, offering comprehensive suggestions to resolve the tickets they are working on. By leveraging various data resources—historical ticket data, processes and procedures, vendor escalation material, and interconnected vendor support websites—the AI creates a tailored resolution plan for each issue. This ensures that engineers can quickly and accurately solve problems, reducing downtime and improving service quality.

MSPs can expect a reduction in escalated tickets by up to 40%, directly impacting customer retention and reducing churn.



Case Number 370085

Based on the information provided, here are my recommendations for management on how best to handle this ticket:

- The top priority should be addressing the user's unstable network connection issue. As noted in the comments, this is preventing effective remote troubleshooting and resolution of the user's laptop problems.
- Contact the user to discuss options for establishing a stable connection. This may involve troubleshooting their home network, using a mobile hotspot, or coming into the office where IT can directly access their machine. Getting a reliable connection established is key.
- Provide clear guidance and requirements upfront around network stability needed for remote support. The ticket scores indicate a lack of proactive communication on this, contributing to inefficiencies.
- Once a stable connection is in place, have the assigned agent work interactively with the user to systematically test and resolve each reported issue. Frequent communication and collaboration will help prevent disruptions and dissatisfaction.

Enhancing Customer Communication

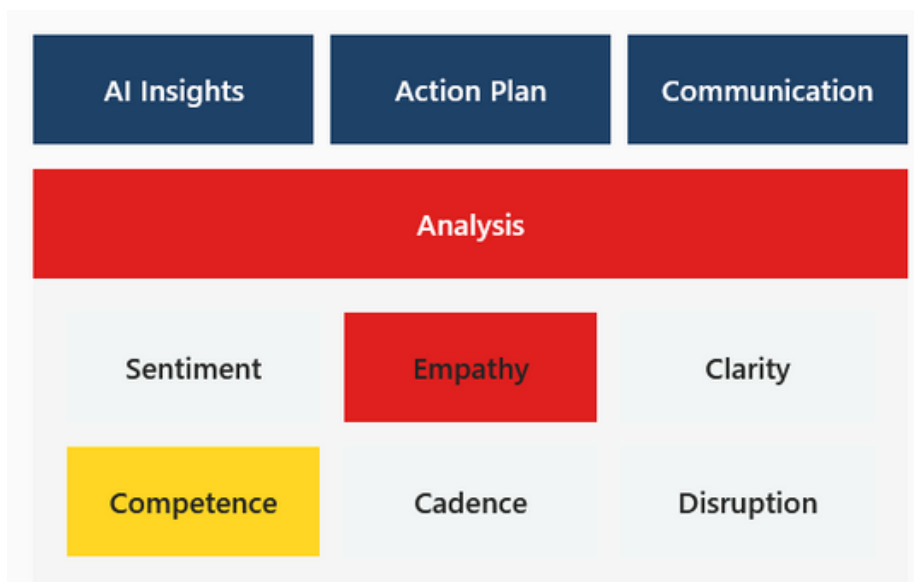
In addition to technical solutions, our AI bot provides communication suggestions to engineers. These suggestions help maintain clear and effective communication with customers, ensuring they are kept informed and reassured throughout the resolution process. This dual focus on technical and communication support sets our AI apart, offering a holistic approach to problem-solving.



Service Desk Manager Assistant: Proactive Ticket Management

Our AI bot for MSPs includes a specialized tool for service desk managers. This AI assistant scans open tickets and scores them against various attributes, such as:

- User sentiment
- Communication clarity
- Cadence
- Solution stickiness



Note in the figure above, AI is scoring the ticket for "areas of concern" and offering an Action Plan"

The result is a scoring system that gives management a penetrating view into which tickets need attention and escalation. The AI provides a summary explaining why specific tickets scored poorly and offers a quick "proposed next step" to address the issues. This proactive approach ensures that potential problems are identified and resolved before they escalate, improving overall service desk efficiency and customer satisfaction.



Integration with Your Core Systems (PSA / Client Documentation)

At xop.ai, we believe in making our solutions as seamless and impactful as possible. Our AI bot integrates with Professional Services Automation (PSA) tools, documentation systems, SharePoint, and portals. By taking advantage of the specific data a company provides, our AI bot enhances existing systems and processes, providing a comprehensive and unified solution for your MSP needs.

xop.ai's AI bot is a game-changer for MSPs, offering tools that empower engineers and service desk managers to excel in their roles. By providing customized resolution plans, enhancing customer communication, and proactively managing tickets, our AI bot ensures that your MSP operates at peak efficiency. Learn more about how our AI solutions can transform service delivery and take your MSP to the next level. Contact us today to schedule a demo and see our AI bot in action.

Key Takeaways:

- ✔ **Proactive Ticket Management for Service Desk Managers:** The AI bot scores open tickets based on attributes like user sentiment and solution effectiveness, helping managers identify and address tickets needing attention.
- ✔ **Seamless Integration with Core Systems:** The AI bot integrates with PSA tools, documentation systems, SharePoint, and portals, enhancing existing systems and processes.



- ✔ **Overall Efficiency and Satisfaction:** By empowering engineers and service desk managers with comprehensive support and proactive management, the AI bot improves service desk efficiency and customer satisfaction.
- ✔ **Transformative Impact:** xop.ai's AI bot is a game-changer for MSPs, enabling them to operate at peak efficiency and enhance service delivery

Lessons Learned Along the Way

Implementing AI chatbot solutions over the past two years has provided valuable insights and lessons that have shaped our approach at xop.ai. These experiences have highlighted the importance of several key factors crucial for the successful deployment and ongoing optimization of AI solutions.

Portability of AI Models

One of the most significant lessons learned is the necessity of having portability in AI models. AI technology is rapidly evolving - and having the flexibility to train models using different platforms such as ChatGPT, Gemini, and Claude is essential. This flexibility ensures that if one solution begins to underperform, we can seamlessly transition to another platform without disrupting services. By maintaining portability, we can adapt to technological advancements and changes in performance, providing our clients with the most reliable and effective AI solutions.



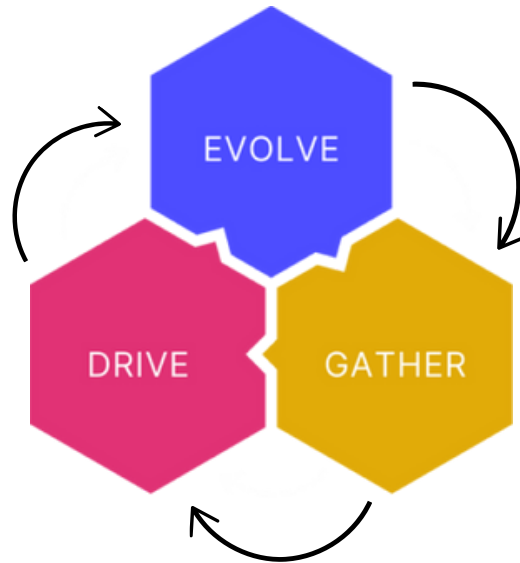
True Knowledge Management Back-End

A critical aspect of successful AI deployment is the presence of a robust knowledge management back-end. It is not enough to simply dump data into a chatbot and expect optimal performance. A true knowledge management system must be in place to manage information assets effectively. This includes creating scripted and classic AI replies that are easy for the business community to manage and update. A well-structured knowledge management system ensures that the AI chatbot can access accurate and relevant information, providing consistent and reliable responses to user queries. This foundation is vital for achieving and maintaining high performance and user satisfaction.

Importance of the End User Feedback Loop

Another crucial lesson is the importance of maintaining an end user feedback loop. The success of an AI chatbot hinges on its ability to learn and improve continuously. When the bot replies incorrectly, provides outdated information, or fails to deliver useful responses, these failures must be tracked meticulously. By capturing and analyzing this feedback, we can retrain the AI to address its shortcomings and improve its accuracy over time. This iterative process ensures that the chatbot remains effective and relevant, adapting to new information and evolving user needs. Keeping the bot's success rate high depends on this constant cycle of feedback and improvement.

Feedback Loop



Key Takeaways

1. **Portability of AI Models:** Ensuring the flexibility to train AI using various platforms like ChatGPT, Gemini, and Claude allows for seamless transitions if one solution underperforms, keeping AI solutions reliable and effective.
2. **Robust Knowledge Management Back-End:** Implementing a comprehensive knowledge management system is essential for managing information assets, creating scripted replies, and ensuring the chatbot has access to accurate and relevant data.
3. **End User Feedback Loop:** Maintaining a strong feedback loop where user interactions are tracked and analyzed helps retrain the AI, continually improving its performance and relevance.

These lessons underscore the importance of adaptability, robust infrastructure, and continuous improvement in deploying AI chatbot solutions. By applying these insights, MSPs can enhance their AI practices, ensuring high performance, user satisfaction, and long-term success. At xop.ai, we are committed to leveraging these lessons to help our clients build and optimize their AI practices, driving innovation and efficiency in their operations.



Partnering with xop.ai

At xop.ai, we are uniquely suited to helping organizations develop robust and effective AI practices. Our expertise stems from the leadership of Matt Ruck, our CEO and founder, who brings invaluable experience from his tenure as the former CEO of a leading Managed Service Provider (MSP).

This background gives us a deep understanding of the MSP industry and the unique challenges they face.

Our leading AI knowledge management platform is designed to empower organizations by providing practical AI solutions that benefit every employee. We focus on implementing AI use cases that drive real value, enhance productivity, and ensure our clients stay ahead of the competition. Partnering with us means gaining access to cutting-edge AI technologies and industry insights. We believe in a collaborative approach, working closely to understand the goals and challenges of our clients, and crafting solutions that fit seamlessly into their business operations.

Schedule a consultation with Matt Ruck today to explore how we can help build and optimize your AI practice. Visit <http://calendly.com/mattruck> to book your appointment and take the first step towards a smarter, more efficient future.

Embrace the transformative power of AI, and position your firm as a leader in the industry. Let us partner with you to build your AI practice. Contact us today to learn more about how xop.ai can help you achieve these goals and take your MSP to the next level. Thanks for reading! Please reach out with your thoughts - matt@xop.ai