OUTSOURCING IT SUPPORT- "WHAT AM I GETTING FOR MY MONEY?"

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Important considerations when choosing an IT service provider

IT Service costs are important but more importantly, what are you getting for your money?

Perhaps the most common question we receive from prospective clients who reach out to us, is "What do you charge for your services?" As this is such a common question and an important one to address, we have written this article as an easy way to answer this question and educate all prospective clients who come to us on the most common ways that IT services organizations package and price their services, along with the typical pros and cons of each approach.

In addition to this, we want to educate business owners and decision makers on effective ways to pick the RIGHT IT services company for their specific needs and budget based on the VALUE the company can deliver, not just the price, high OR low.
To begin, it's important to understand the 3 predominant service models within the IT services industry:

Time and Materials. This is also known as the "break-fix" approach. In essence, you pay some agreed upon hourly rate for a technician to "fix" your problem when problems arise. The scope of work under this model will vary and typically is used to resolve a very specific problem such as a server crash, virus removal, etc. At times it may also involve a larger project like a network upgrade or per-

Effective ways to pick the *right* IT services company.

haps a company move with specific results and end dates clearly defined.

Managed Services. Under this approach the IT service provider acts as your "IT department" and will not only support the devices, computers, and servers on your network but will also provide remote and on-site support, antivirus, security, backup and a wealth of other services to proactively monitor and maintain the health, speed, performance, and security of your computers and network.

Software Vendor-Supplied IT Services. There are some software vendors that will offer a level of IT support for their customers in the form of help-desk or remote support for additional fees or as part of their maintenance contracts. The problem that often becomes evident, is that these are usually scaled-back services, limited to troubleshooting their specific applications or systems that are specific to those applications. If/when problems arise outside of their scope of support, they often cannot or will not help you and will often refer you to your internal IT department or outside consultant. That said, this can still be a valuable service to ensure the health and reliability of your critical applications but does not

go far enough to provide the full technology services and support that most businesses need to ensure the stability and security of their networks.

When it comes to outsourcing your IT support, you are most likely to end up choosing between the "break-fix" and managed services models. With that in mind, we will take a look at some of the pros and cons of each approach along with the typical costs.

Managed Services vs. Break-Fix

Benjamin Franklin once said that "An ounce of prevention is worth a pound of cure." I honestly could not agree more and this really speaks to why I firmly believe that the managed services approach is far and away the smartest and most cost-effective approach from a business perspective. The only time a "time and materials" approach really makes sense is when you already have a competent IT person or team proactively monitoring and managing your computer network and simply have a need to accomplish a specific technology project that your current in-house IT team or support provider does not have the bandwidth or expertise to complete (such as a network upgrade, installation of backup services, etc.). With the exception of this very specific scenario, I feel the break-fix approach is not a good idea for general technology support for one very important reason: you will ultimately end up paying for a pound of "cure" for problems that could have easily been avoided with an "ounce" of prevention.

Break-Fix Benefits Only The IT Consultant

Think about this for a minute. What incentive is there on the part of your IT consultant under a break-fix arrangement to stabilize your network, resolve problems quickly, and do anything to prevent trouble from happening in the first place? The answer is NONE.

After all, the more problems present on your network and your systems, the more money the IT consultant will make. In addition to this, there is every reason for the IT consultant to assign lower-level technicians to "resolve" your problem, prolong resolution to the issue, and find MORE problems than solutions for your business.

As a business owner or decision-maker you are now responsible for keeping track of the hours worked to ensure you are not getting overbilled and have to deal with more unforeseen issues, scope creep, and increased risk to your business.

Perhaps the most important problem with the break-fix model is that it is impossible to budget and predict. You may go several months and pay nothing to your IT consultant only to end up with a problem that could have been prevented and end up unexpectedly paying thousands to resolve it.

So What Should You Expect to Pay?

Let's just get right to the bottom line of both service models with respect to costs. Please note that what we present below does NOT reflect our pricing model or approach, which is to first understand exactly what you need to accomplish for your business goals and work to customize a solution based on your unique needs and budget. These costs are based on our experience in the industry and what we typically see.

Break-Fix Hourly Fees: Typically, IT service companies who operate under a break-fix model will charge fees that range anywhere from $125/hr. - $225/hr. Often these fees carry a minimum 1-2 hour charge and at times are offered in bundled packages or a "block of time".

When it comes to project work, the costs will vary depending on the scope of work. For instance, a project to get all computers patched, updated and current may cost several thousands of dollars to complete but will vary widely depending on the number of workstations, software, etc. It is therefore important to work closely with your IT support provider to fully understand the scope of work and clarify expectations.

Managed IT Services: Under this model it is typical to receive a quote for a MONTHLY fee. Fees are often based on the number of users in the organization or number of supported devices that are pulled into the contract. In the Indianapolis area these fees may range between $250-$500 per server and $50 - $150 per desktop. Mobile device costs typically fall in the $10-$20 range per device.

When contracting with a managed service provider there are certain fundamental services that SHOULD absolutely be included such as the following:

- Most importantly for healthcare organizations - Signed Business Associate Agreement and compliance with HIPAA on the part of the IT consulting company
- Security patches applied regularly (weekly, at minimum and daily preferred)
- Antivirus updates and monitoring
- Firewall updates and monitoring
- Backup monitoring and testing
- Spyware/Malware installation, monitoring and removal
- Performance and disk space monitoring for workstations and servers
- Monitoring hardware for signs of failure
- System optimization to improve and maintain speed

While there are many critical services included in these agreements as outlined above, there are also services that typically are NOT included that you should be mindful of as well. This is typical and not anything to cause alarm but you should review contracts and terms carefully to understand fully what is and is NOT included and billed separately. Items not included or billed separately typically include:

- New hardware such as firewalls, servers, laptops, etc.
- Travel
- On-site support or on-site support past a minimum number of hours (i.e. hourly charges applied for any work that exceeds "X" number of hours)
- Software licensing
- Support for outdated operating systems and software
- Support for aged equipment
- Support for consumer grade equipment
- Support for "home versions" of operating systems such as Windows

A Final Note

I sincerely hope that you have found this article useful and insightful when it comes to identifying a professional technology consulting firm to outsource your support to. Our goal with this article is to simply educate you on the industry norms with regard to support models and the considerations to keep in mind when evaluating various providers in order to avoid getting burned by firms that attempt to lure you in with cheap pricing alone.

As a final note, I want to extend to you an offer for a **FREE** security assessment which will provide you with valuable information about the health and security of your network and ultimately help you lower your IT maintenance costs. I guarantee you will find this assessment to be an extremely valuable and eye-opening experience. We look forward to your call!

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