

# The Case for Technology Managed Services

*How Grace-MSP can Monitor and Manage your Technology with Confidence*



## **Just a Little History...**

Although it seems as though personal computers have been around forever, the business Personal Computer (PC) and Personal Computer Technology Services industry is just over 25-years old. In 1983 when the Business Personal Computer Industry began, very few businesses could afford to invest the tens of thousands of dollars in desktop computer technology and its related software. As the few businesses owners who invested in this technology throughout the 1980's will tell you, the cost of acquiring the technology, while a major capital expenditure, was in fact, quite small in comparison to the on-going maintenance costs to keep the technology properly aligned to their business processes and employee workflow.

Further hampering wide spread acceptance by the small and mid-sized business community was the fact that although the personal computer was a marvel of technical innovation, with the exception of Law Firms and Financial Services/Accounting Firms, few businesses were able to truly benefit from this amazing technical innovation. An additional impediment to wide spread adoption of the PC in the small to mid-sized business market, of the 1<sup>st</sup> generation of technology service professionals, was the inability to demonstrate and show, in business terms, the true value of information technology.

Although there were some exceptions to this, the overwhelming majority of businesses in the "Personal Computer Consultants" and/or "Computer Systems Vendors" industry were primarily staffed with individuals who were extraordinarily gifted at understanding computer technology and it related software. However, these 1<sup>st</sup> generation staff members were woefully deficient in strong business fundamentals. This lack of strong business skills resulted in thousands upon thousands of personal computers deployed in businesses to which the technology "Ruled" the business more than the business ruling the computer technology.

## **Who is Ruling – Technology or the Business?**

Although, the personal computer services industry has dramatically improved its quality of service to the small and mid-sized business community in recent years, there are still an overwhelming majority of businesses, within the computer technology services industry, where their business model and method of service delivery is still governed by the latest and greatest features of the technology promoted by said technology services companies. The “Business Processes” and “Employee Workflow” of their business clients and business owners who are acquiring the technology are, at best, not understood, or at worst, still largely ignored or minimized. This mindset and business delivery model implemented by the overwhelming majority of technology services companies today, results in their clients businesses becoming slaves to the information technology assets that they acquire – as opposed to the information technology assets becoming slaves to their client’s business processes and employee workflow.

Every successful business owner must make capital investments in their companies for the sole purpose of improving the businesses productivity and market place competitiveness – with the primary goal - to improve the profitability of the business. When a business owner elects to invest in computer and information technology assets, the same rational applies. However, in 25+ years of the computer technology and information technology services industry, the overwhelming majority of technology services companies are still focused on the merits of the technology itself, as opposed to truly understanding the needs of the business and business owner. Instead of vigorously forcing the technology to work for the business, most businesses and business owners find themselves and their companies “Enslaved” to their information technology assets.

The concept is no different than when a business owner hires an employee to fill a clearly defined job description within their business. The process is very straight forward and clearly defined in that; first - write a detailed job description, second - interview prospective candidates, third - hire the best suited candidate, fourth - measure the new employee’s performance against the detailed job description, and then finally - retain or replace that employee based purely on the business decision that they have fulfilled their commitment to the job description to which they were hired.

The newly hired employee never tells the business owner what their job will be, or determine the criteria by which their performance is deemed satisfactory. The business owner establishes the performance criteria and uses those criteria to determine the employee’s right to continue to be a part of that business team. The business owner can accomplish this primarily because; the business owner understands clearly this process and has the confidence and skill to implement this process. As a business owner, it is a vital and mission-critical skill set to possess in order to ensure the continued success of their business.

Every successful business owner desires to apply this same principal – equally - to decisions involving the acquisition of information technology assets and computer technology support services. Unfortunately, very few business owners possess the requisite knowledge, experience, and skills needed to make informed purchasing decisions regarding information technology assets and their associated support services. These business owners are “Experts” at their business, and can outline, in intricate detail, how their business work, how they generate revenue, what their employees do to support the business enterprise, and in what areas the business owner desires to see

improvement. To the extent that the acquisition of information technology assets and services may facilitate the business owner to realize improvement in the desired areas of his business, is fully dependent on two important components. The first component is the business owner's ability to articulate how his business works (which they all can do). The second component is completely dependent on the technology services provider's team member's ability to understand his client's business – in business terms – and then clearly articulate back to the business owner the explicit and implicit value of the proposed solution, again in business terminology.

### **Enslaving the Technology Monster!**

Years of surveys have clearly borne out the fact that the overwhelming majority of small to mid-sized business owners loathe the task of managing the acquisition and support of their businesses technology assets. Those assets include computers, servers, Internet access, telephone services, copy machines, and other electronic business technology appliances. It is not that these business owners have any sort of aversion to the technology, per se', but the fact that nearly all of these business owners feel a huge disconnect between what they are needing – defined purely in business terminology – as opposed to the technology assets they are getting from their technology services provider. Most business owners will readily admit that the overwhelming majority of the time, the actual "Technology Asset" they are acquiring is nearly always a high quality product. However, in most cases, the final solution does not "Practically" meet the business objectives or needs as envisioned by the business owner – again purely from a "Business" prospective.

The root cause of the continual dissatisfaction of business owners, with their results of their capital expenditures in technology assets and technology services, has clearly nothing to do with the quality of the technology assets themselves. The fault lies entirely in the hands of the technology services companies and the clear disconnect that is the result of a total lack of understanding, in "Business Terms", as to what their client's information technology and technology services needs represent.

It is nearly impossible for any professional technology services company to successfully implement a technology solution into a business if the entire team at the technology services company does not understand – in "Business" terms – what their clients current and future needs demand. Sometimes, due to the nature of the specific industry served, a technology services company will indeed meet their clients' needs and expectations because the solution is nearly identical for each client. However, almost every single successful example of this scenario is the result of the first few clients somewhat satisfied with the "Cookie Cutter" solution and subjecting many, if not several, of the initial clients to the "guinea pig" role and, thereby, using the initial clients as test subjects to evolve a better overall solution to be deployed to subsequent clients. This "Trial and Error" approach is simply a substitute for truly understanding the "Business Needs" of their clients.

It is impossible for the technology services company to successfully enslave any technology solution to the client's business processes and employee workflow if the entire team at the technology services company cannot fully understand – in "Business Terms" – how their client's business operations fundamentally are executed.

## **Where is the Disconnect?**

So, where is the source of the “Disconnect” between what the business owners intuitively know as to how the proposed solution should benefit his company – as opposed to what the technology services provider ultimately implements? The responsibility of the source of this “Disconnect” rests squarely on the shoulders of the team at the technology services company. The “Team”, is defined as all members of the technology services company, to include; sales, support, engineering, and marketing.

Years of research and customer surveys has demonstrated that this “Disconnect”, in most cases, is not malicious or intentional on the part of the team members of your average technology services company. In fact, the overwhelming majority of the teams that comprise the current market’s technology services companies are very highly technically skilled and well trained in their craft of engineering, architecting, and implementing information technology solutions that they recommend and sell.

However, surveys of business owners, and other market research, is pointing to the root cause of this disconnect. This disconnect is nearly always the result of the fact that team members, comprising the bulk of technology services companies, have little or no formal business training. These team members just don’t understand, or are fluent in, the fundamentals of business management, cost accounting, and job costing. In addition, these team members do not possess the knowledge and experience of how to read and understand a business’s profit & loss statement, their balance sheet, or analyze or discern a client’s business processes and/or employee workflow effectively. Therefore, they don’t possess the business skill sets and experience that allows the technology services company’s team to converse in business terms with a business owner – in value building terms that a business owner understands.

This situation makes it very difficult, or near impossible, for the team members of a technology services company to accurately assess the true short-term and long-term impact of any recommended solution to their client’s stated business processes and employee workflow. Since the technology team members do not understand this clearly, they cannot frame the “Value” of a proposed solution using the requisite business terminology that the business owner demands. Virtually every other buying decision a business owner must make is framed with this kind of clear “Business-Centric” mindset; namely, assess the need in terms of positive or negative impact on business process and/or employee workflow, as well as, the direct or indirect impact to the business’s net profit.

Business owners, justifiably, feel as though that they are being asked to know as much about technology as their technology services company does so that they, the business owners, can accumulate enough information to make an informed purchasing decision. Many business owners report that if they have to take that step, then how they can justify the cost of a technology services company in the first place. Without this information, the business owner is now forced to make a purchasing decision purely on the overall “Cost” in terms of dollars. Further, the business owner is now unable to assign the true “Value” of the expenditure in relation to the business components that they fully understand. The final result is that they are severely hampered in accurately assessing the true value associated with their relationship to their technology services provider.

This is precisely why many business owners, faced with a major capital expenditure in information technology, describe the entire process as “Adversarial” in nature. All the while, the team members of the Technology Services Company can’t understand why the business owner doesn’t see the “Value” in the solution that they are proposing – even if, in fact, the proposed solution may be the correct one.

The business owner’s conclusion, from their perspective, is then justifiable such that in their experience, few, if any, team members of traditional technology services companies understand “functionally” how a business works. Further, the business owner senses that the team members of traditional technology services companies do not possess the ability to effectively engage in a conversation as to how the implementation of proposed new technologies and/or solutions – or the realignment of exiting technologies – will positively or negatively impact the productivity of their business and ultimately, the net profit. These business owners are completely unconcerned about technical specifications, IT market trends, how long a particular technology vendor has been around, the proposed technology vendor’s market share, or any other “Technical” feature/benefit of the proposed solution.

This disconnect is further amplified in the mind of a typical; business owner by two additional factors that the business owners are painfully aware of.

The first factor is perceived as an inherent conflict of interest on the part of the technology services provider. Namely the technology service provider’s conflict of interest is between; a) satisfying the requirements of partnership agreements that the technology services company has with their technology vendors (whose products are marketed to their customers) and, b) the explicit demand, by those same customers, that their technology services companies keep a “vendor neutral” attitude. This perception is further reinforced by the fact that the overwhelming majority of technology services providers average 40% of their gross sales from hardware and software products marketed to their clients.

The second factor is that the computer technology services industry has successfully conditioned and/or trained its customers and clients to value their services in terms of labor dollars per hour. This is the direct result of the methodology through which technology services companies deliver their services, i.e., charge for engineering and support services at an hourly rate. Many other technical services companies in the services industry, such as accountants and attorneys employ the same approach. This methodology has been adopted since the inception of the technology services industry in 1983.

The unintended result of this method of service delivery is that, in the mind of a business owner, the relationship between vendor and client is perceived, framed, and concluded as a necessary expense with little or no “True” value assigned to the expenditure. This method of service delivery forces the client to view the technical contribution of the technology team members as purely an “Hourly Expense” as opposed to the real positive “Net-Value” that the client desires to assign to the overall improvement of their business processes and employee workflow.

### **Technology Managed Services Providers – A Better Approach**

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