

A Winning Hand:

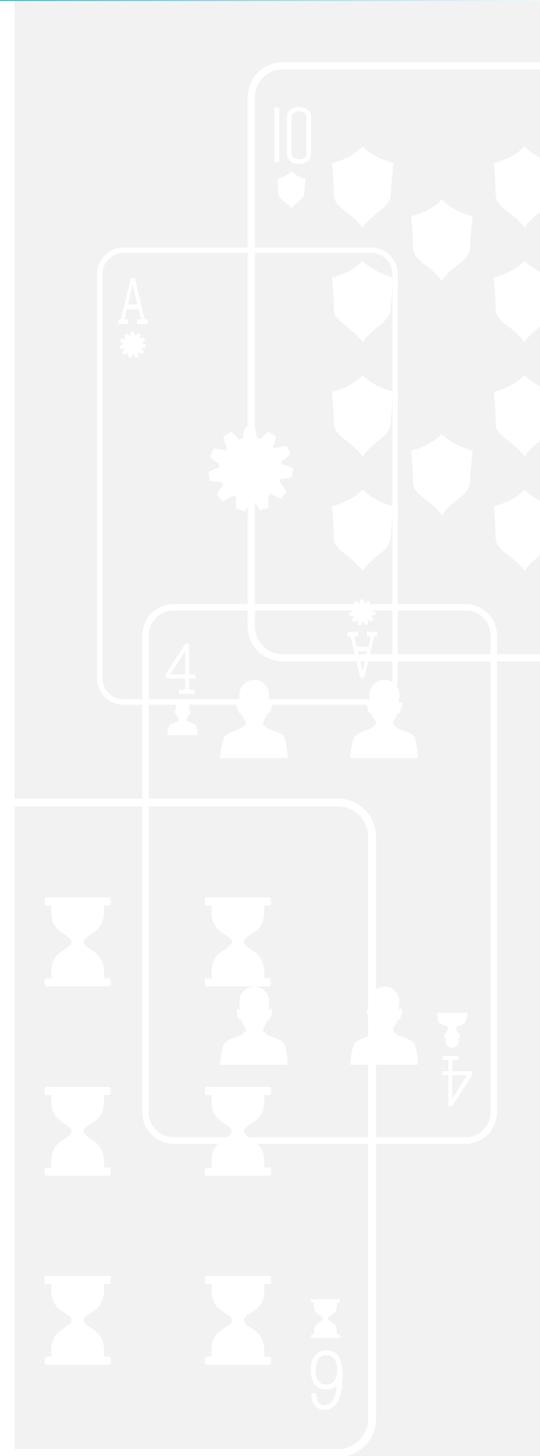
21 Cards to Play
for Total MSP Success



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Introduction

Lessons on Achieving Managed Services Growth

Smart MSPs never stop learning. In today's MSP 2.0 world, this means MSPs who want to succeed need to master more than just ever-changing technology. The business of managed services is hotly competitive, so even if you are the Bill Gates of technology, without constantly improving your business skills and processes you'll find that you're playing a losing hand.

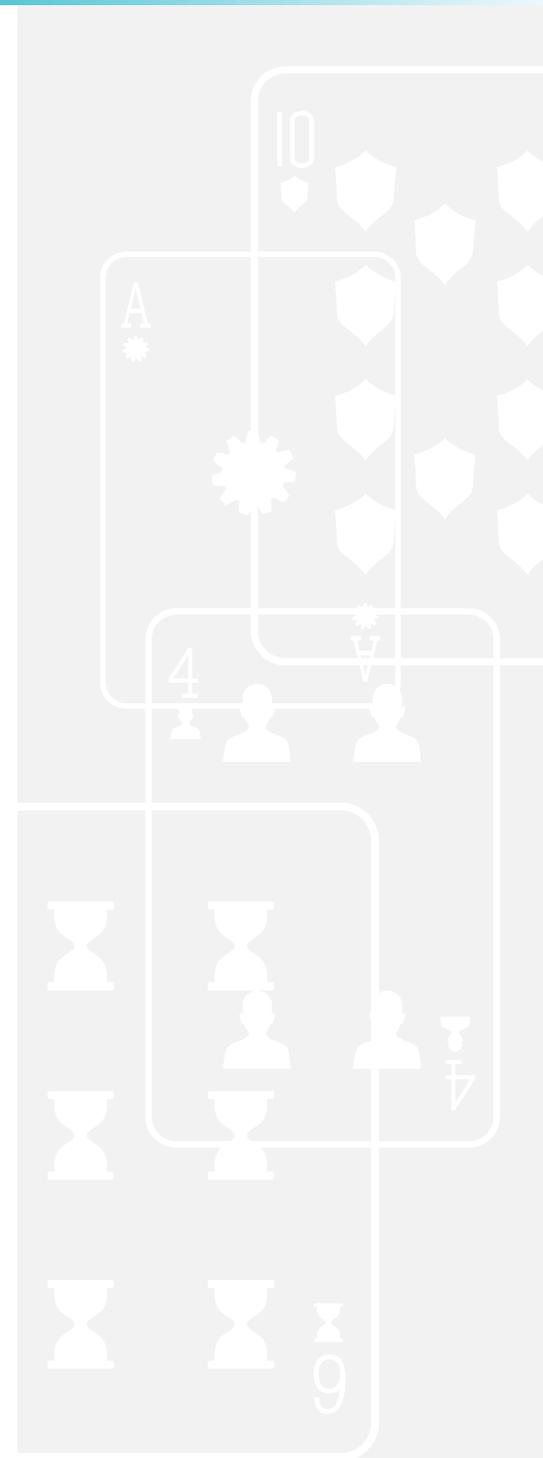
Here's the deal. There are all levels of managed service providers – and some companies are now thinking about joining the game. VARs, for instance, are dependent upon large one-time payments from clients for projects, with little or no recurring revenue. This model has served them well for decades. However, two things have happened that threaten this business. Major hardware and software vendors, through direct sales, are increasingly competing with VARs, and the cloud model is cutting into VARs on-premises infrastructure business. A double whammy indeed.

Small- and mid-size MSPs, meanwhile, are now squaring up against larger regional and global service providers sometimes called 'Super MSPs.' To keep pace, these MSPs must double down on better ways of selling, marketing and delivering services to clients.

Large 'super MSPs' have their own issues. The larger they grow the more they are put in conflict with large vendors with consulting organizations, cloud services and even managed services akin to what dedicated MSPs offer. To keep growing and stave off this competition, large MSPs must constantly up the ante if they want to come up aces.

Our 21-part guide to total MSP success is designed for MSPs at all levels, as well as those considering entering this market. In this guide, we shuffle through everything from building a business and developing a high-level strategy, to sales, marketing, metrics, contracts and statements of work. You'll also learn the ins and outs of hiring and retaining workers, bundling services, targeting verticals and delivering security that trumps your competition.

We hope you enjoy our 'A Winning Hand: 21 Cards to Play for Total MSP Success' eBook and that it increases the odds of your ultimate success.



The Dynamic and Influential Role of the MSP

It is not an understatement to say MSPs are changing the world. MSPs are providing IT functions that SMBs can't reasonably provide for themselves. Thanks to MSPs, these SMBs have IT Operations technologies and processes that rival that of large enterprises. This allows smaller companies to focus on their core business – and not get mired in IT functions that aren't their core competency. At the same time, MSPs bring clients into the future, allowing them to easily adopt next-generation technologies such as cloud services.

Without MSPs, SMBs would be held back – spending time, money, and resources just to keep their IT operations running, and would not have the ability to embrace new technologies that drive competitive advantage.

The proof of this is in the pudding. Because of their strategic significance, the MSP market is growing far faster than the overall economy. According to the report “Managed Services Market” by MarketsandMarkets, managed services will rise from \$145 billion this year to \$242 billion in 2021. That's a healthy Compound Annual Growth Rate (CAGR) of 10.8%.

As an MSP you have important work. It is not just a job – but a mission to change the world of SMB computing.

The Growth and Transformation of MSP Organizations

The need for managed services has transformed the MSP landscape. As more clients demand services, MSPs have grown to accommodate them. This scaling has created new tiers of MSPs that have customers (and operations) across larger geographies – regional MSPs and global MSPs – that are changing the dynamics in the market place.

These “super-MSPs” are 100% focused on growth and expansion and employ professional sales, marketing, and technical delivery organizations to acquire new accounts and often displace smaller less mature MSPs.

SMBs Now Have Enterprise Needs

As suggested earlier, MSPs are delivering increasingly sophisticated services to clients. That's because SMBs in general are increasingly demanding and requiring the same



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technologies and approaches pioneered by enterprises. This means SMBs are now adopting IT functions such as end-user security, password management, Multi-Factor Authentication, network/systems management, and InfoSec (threat monitoring and firewall management), all of which are required, as SMBs' dependence on their network and data to run their businesses grows.

The only way SMBs can truly match their larger enterprise brethren in terms of services is with help. According to research, 69% of SMBs surveyed in 2015 stated they are looking to outsource parts of their IT infrastructure.

Kaseya data indicates that approximately 50% SMBs surveyed in 2016 are either already outsourcing or considering outsourcing many elements of their IT function, including: cloud application monitoring, cloud services monitoring, private clouds, back-up and recovery, security services, and disaster recovery.

SMBs Transformed by MSPs

There are two problems that SMB IT pros need to overcome, both of which are solved by managed services. First, it's hard for small overstressed teams to secure their network, ensure IT service performance, and fix all the problems that constantly arise. The bigger issue is that struggling IT teams have virtually no time to think strategically. That leaves them both vulnerable and at a huge competitive disadvantage in their industry.

On the micro level, using an MSP can transform an SMB in terms of efficiency and business possibilities. That means SMBs can focus on innovation and differentiation – a huge business booster. At the same time, they can be far more efficient since their IT systems are optimized and have excellent uptime – not to mention the benefit of flawless backup.

On a macro level, the more MSPs take over SMB IT services, the better that huge portion of the economy operates. SMBs are the major driver for jobs in most places, and if they achieve greater efficiency, save on IT, and increase their ability to innovate – that can be transformative for the whole economy.

The mainstream IT press is likewise getting onboard the MSP train. CIO recently ran a piece by consultant Eric Brown extolling the virtues of MSPs:

“The role of the MSP is an important one in the small and medium business (SMB) space. An MSP provides the ability for a small or medium business to offload those pieces of their business that aren't driving value or competitive advantage. For example, a non-profit that focuses on delivering meals to the elderly should – in most cases –

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hire a managed services provider to manage the IT for the organization. IT isn't a key driver of value of this organization and should be outsourced to an MSP," Brown wrote.

Best Practices in an MSP 2.0 World

Today's MSP 2.0 world is in part a manifestation of the success of the MSP model. MSPs have matured from part-time operators and small 1-5 person technician-dominated companies five short years ago to larger process-centric organizations with strong technical capabilities combined with professional sales, support, marketing, finance, and management teams. As we discussed above, as the market has consolidated and as larger companies are outsourcing their IT services, super-MSPs have evolved to handle this growing scale.

In order for MSPs to succeed and thrive in this new MSP 2.0 environment, MSPs must evolve. This evolution requires that MSPs:

Embrace the changing dynamics of the market

The MSP community is made up of many diverse types of MSPs with different strategies and goals for success. Some MSPs want to offer multiple services to many different types of customers. Others are looking to expand into larger SMBs, and yet others are running a lifestyle business, and are not interested in significant growth. Rather they just want to continue to operate a steady business serving their customers. Every MSP – no matter their ultimate goal for their business – needs to understand and react to today's changing market environment.

Change their investment profiles

To meet these broadening customer requirements, MSPs are now forced to evolve faster and invest more time, effort, and money on technical expertise, as well as R&D, to understand what customers require and build out that service portfolio. This puts tremendous strain on the MSP's margins as it requires direct investment to meet and address these changes.

Leverage a modern Unified MSP Growth Platform

Old point systems and first generation tools used in the legacy MSP 1.0 world are no longer enough for MSPs to ensure their ability to continue to succeed in an MSP 2.0 environment. A new unified platform should combine the business management need of an MSP with the richest current and forward-looking suite of software applications that MSPs can build managed services around to generate revenue and meet all the needs of their increasingly demanding SMB customer base.

According to Kaseya's 2016 MSP Pricing Survey, MSPs who consistently grow over 20% per year do so by unlocking the hidden revenue in their client accounts.

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These MSPs have augmented IT support services with cloud application monitoring, end point security, single sign-on, network management, and backup and disaster recovery.

As a bonus, expanding the number of services both enabled a higher price for IT Support Services, and increased customer retention by making it harder for competitors to displace them.

The platform must be continuously innovating and be one step ahead of what the SMBs are asking from their MSPs, so that the MSPs on the platform are seen as thought leaders and can deliver what clients need, when they need it.

Strive to be Trusted

As MSPs develop tighter relations with clients, they offer more and more strategic advice and become part of driving the client's business. The term for this is 'trusted advisor. Being a trusted advisor means you help clients spot the future, find the technologies that offer specific competitive advantage, then pilot, deploy and manage these new technologies.

Trends over the last few years have only made this movement more important. Much of this has to do with the cloud, which is rapidly on the move, and the staying power of on-premises infrastructure. With this combination of issues, there is a need to manage and integrate both environments, often resulting in hybrid clouds.

One of the seminal works on this topic is a white paper from Nemertes Research "Shift to 'Enterprise Technology' Relies upon Vendor Partners for Managed, Cloud Services" written by Robin Gareiss, founder and executive vice president of Nemertes. According to Gareiss, the drive to a provider becoming a trusted advisor comes from shifts in technology and how IT views itself. Gareiss argues that enterprises are shifting from Information Technology (IT) driven to what she calls Enterprise Technology (ET) focused.

"Not only does this shift change the way business leaders view IT, it also alters the organizational structure of IT itself. In the ET world, the technology team becomes more strategic, and as a result, it relies more heavily on trusted partners to handle tactical functions—and in some cases, assist in strategic direction of the company," she says.

IDC also sees enterprises and other shops needing help from strategic advisors.

"We predict that business innovation focused on creating a wider variety of solutions targeted at new business opportunities and challenges will drive a profound shift in the role of the IT organization," says Chris Barnard, associate vice president at IDC.

"Enterprise IT groups cannot afford any longer to be just watching, studying, exploring, or experimenting with cloud services, mobile devices, social technologies, or the other

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core elements of what we call the 3rd platform. They must develop deep competence in all of these technologies, often with the help of third parties with expertise in ‘as-a-service’ strategies.”

You can start this trusted advisor transition, if you haven’t already made it, with existing clients. Dig deeper into their technical affairs. Go the extra mile in managing and monitoring devices and their network, and proactively offer new ways of gaining efficiency and supporting innovation. They’ll feel the benefits and pass the word along.

The biggest issues are to have a progressive attitude, build deep expertise, and exude the proper confidence.

Moving to a higher level, Trusted-Advisor-style status is critical. We all know that break/fix isn’t dead, but is certainly no path to riches. To thrive in today’s MSP 2.0 environment, you need deeper relations with clients. Otherwise, you risk becoming an easily replaced commodity.

Be the Best MSP You Can Be

There is a difference between highly successful MSPs and those that don’t achieve their potential. Discover the secrets of MSP growth and prosperity with our eBook **“Building a Bionic MSP Practice: Best Practices from the Highest Growth MSPs in the World.”**

In this Playbook **“IT Complete: Your Roadmap in an MSP 2.0 World”**, we outline technical solutions that help MSPs achieve 2.0 status, and gain the rewards MSP 2.0 offers.

The Kaseya MSP 2.0 Definition:

In order for MSPs to succeed and thrive in this new environment, MSPs must evolve. That requires that MSPs:

- Embrace the changing dynamics of the market
- Change their investment profiles
- Leverage a modern unified MSP Management Platform to ensure their ability to continue to succeed in the era of MSP 2.0. Such a platform should combine the business management need of an MSP with the richest current and forward-looking suite of software applications that MSPs can build managed services around to generate revenue and meet all the needs of their continually demanding SMB customer base.

Formulating the Right High-Level Strategy

Remember the old saying “You won’t ever get there unless you know where you’re going”? This is true for MSPs attempting to craft a high-level strategy.

Many times MSPs focus on short-term financial and business planning, which are often done in quarterly and annual increments, rather than taking the time to create a longer-term strategy. Having a higher-level view of where you want your business to go often makes the shorter-term decisions easier. Knowing your destination greatly increases the chances that you will end up where you want to be.

This section will outline critical elements of a high-level strategy, including:

- Exit strategies
- Verticals
- Growth Expectations
- Technology and Vendor Choice
- Mergers and Acquisitions
- Cloud Technology and Services

So what is a High-Level Strategic Roadmap?

Entrepreneurs are free to run their businesses their way, and as such can choose how to approach building a high-level strategy. For the purposes of this piece, we’ll define what we mean by a high-level strategy and a roadmap that supports it.

A strategic roadmap is a document that defines, at both a high and lower level, what your company is all about and can help establish a plan. The means by which the roadmap is executed is in large part found in the business plan. The business plan is really the structure on which strategic goals are pursued, and tends to be kept more active with recent financials and other details.

Your strategic roadmap needs be detailed enough that it offers true value, and realizable waypoints. That is why this map is all about action – what do you have to do to achieve specific results, who is responsible for what, and when the work needs to be complete.

In order to keep your strategy relevant, your strategic roadmap should be modified to account for important issues and events, such as a major shift in the market, dramatic new technologies, changes in the competitive landscape, a new product or service you need to promote and sell, or a financial disruption.



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Start with the End in Mind

Before diving into technology, service strategy and other issues, MSPs must first deal with the elephant in the room. What is the prime reason for creating the business, and the ultimate plan?

After you pour your heart and soul into the business, what do you want to accomplish? What is the end game? For many MSPs, it is selling the company, even if that event is 10 or 15 years away.

Getting your company ready to sell takes a tremendous amount of discipline – and, in fact, this rigor is of benefit whether you ultimately sell or not.

Rick Murphy, CEO of Cogent Growth Partners which helps MSPs find acquisitions, says it is never too early to get your company ready to sell. “Most business owners don’t think about their exit plan until it’s too late to do anything about it, and they unknowingly miss all of the benefits that can come from having the plan in place from day one. While it might seem outlandish to be contemplating an exit while your business is young, professional investors know you don’t invest unless you understand how you are going to exit, and small business owners can benefit from this thinking,” Murphy argues.

“Most IT firms operate under the mistaken impression that liquidity only comes when one sells and retires. That is simply not the case. Liquidity can and should be coming from the business continuously, flowing more and ebbing occasionally over the life of the business, through to an eventual exit.”

Murphy continues, defining the exit strategy as “the blueprint for balancing ‘investment’ in organic growth, while maximizing day-to-day profitability, thus creating consistent liquidity and business value, every day.”

Verticals

This guide contains a whole chapter on whether to go vertical and, if so, which markets make most sense. Verticals are a great way to increase revenue, and because you are offering specialized expertise, dramatically reduce churn.

Here some issues to consider. What kind of businesses are around you? Are you in an agricultural community, an area with lots of medical facilities, or operate near a financial district? Or maybe you are surrounded by colleges and other educational institutions.

Also ask:

- What do you know?
- Are there any verticals you are passionate about?
- How much competition is going after the verticals you are considering?

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Growth Strategy

Not every MSP needs to shoot for the stars. You might want a small lifestyle business that suits your passion for technology and taking close care of a small number of customers.

Other MSPs want to be a strong local player with high growth, while others have regional, national or even global ambition. Whatever your choice, it helps drive your execution plans such as depth of marketing, office space and hiring.

Technology and Vendor Choice

An MSP is only as good as the technology they use. If your solutions don't offer top-level service delivery, you can't support a large and growing base of customers, and what you are able to support is handled poorly. Having scalable tools such as a next-generation RMM, and having these solutions purpose-built for MSPs, is critical.

These solutions, including your PSA, must not just be best of breed, but also easily integrate with the other solutions in your technology stack. The good news is that you're no longer between a rock and a hard place when choosing between best of breed solutions or a closed integrated solution suite.

Simon Griffiths from Flowgear points out, "Integration has become easier, more cost effective, quicker to implement, and more flexible. Because of this, the advantages that integrated suites used to have no longer apply." You can both select the solutions with the capabilities that best fits your needs AND deploy these capabilities in an integrated way with your other solutions by selecting vendors who cultivate a robust and open technology ecosystem."

That means choosing a vendor that is committed to the MSP market, develops next generation tools for service providers, and is always looking for the next revenue-generating innovation. The only constant thing in business for an MSP is change – make sure you are selecting vendors who will partner with you today and in the future, delivering new solutions to enable you to leverage this change into new services and revenue streams.

Mergers and Acquisitions

There are a few reasons acquisition or mergers may be part of your high level strategy:

- Acquiring an MSP (or multiple providers) is no longer just about buying a client list. Today, acquisitions are focused more on quickly expanding your service portfolio and/or your geographic footprint.

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- A merger with another MSP accomplishes many of the same net results as an acquisition. However, in mergers, there needs to be even more focus on bringing the right people and expertise together.

At first glance, acquisitions can seem the most expensive way to expand an MSP's services portfolio. However, many MSPs calculate that, in the long run, it's the lower-cost option once they consider several 'hidden' costs of developing new services from scratch. Creating the right service, choosing the best technology, training staff, pricing and marketing the service – all of these may go right the first time out the gate. However, and much more likely, there will be costly iterations before everything is working smoothly. And in that time, another MSP may have swooped in and taken the market from you.

A merger with a complementary partner may be the way to get the best of both worlds, by addressing the capital requirements for an acquisition, and by providing a speedier time-to-market than organic growth. Deciding which route to take depends, as always, on the business and market factors your individual MSP faces, such as the competitive landscape, capital flexibility, internal staff experience, etc.

The Cloud

Small- and medium-sized companies are increasingly following their enterprise-class peers in leveraging cloud services to improve business performance. Their internal IT groups view the cloud as a strategic enabler, allowing them to offload routine, repetitive tasks, scale at will, and focus their efforts on innovative IT projects to improve customer and end-user experience.

Kaseya's recent IT Operations

Survey underscores this transition – with cloud services being the most popular services either currently in use or being considered by small and medium-sized business (SMBs) over the next twelve months.

Companies of all sizes – from less than 50 employees to up to 5,000 – are leveraging cloud services.

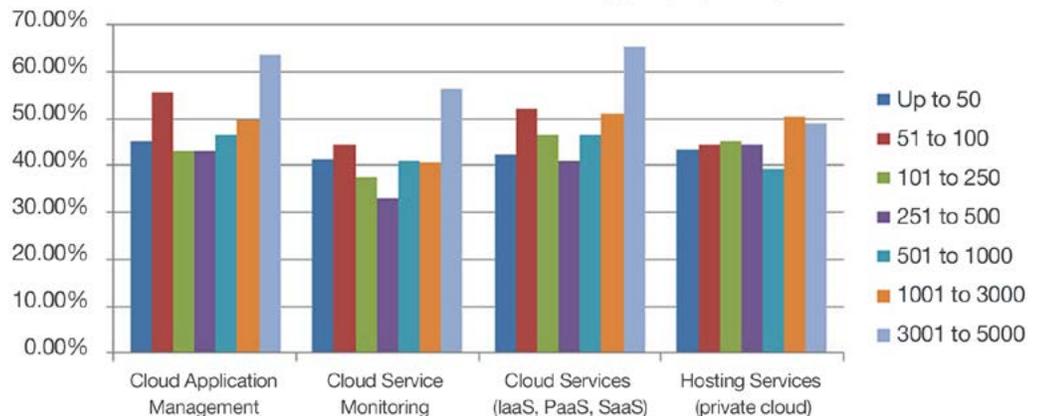
So, the opportunity is clear.

The question is how to make the most of these market changes for your MSP.

Based on the conversations with MSPs who are scaling up their cloud services, here are the 5 steps that MSPs sometimes skip – to their great sorrow.

Deciding which route to take depends, as always, on the business and market factors your individual MSP faces.

Percentage of SMBs Currently Using or Considering Adopting Cloud Services in Next 12 Months (by employee size)



Cloud Tip: Do Your Research: Rate Your MSP

Rigorously evaluate how prepared your existing organization is to fully support any cloud service offering – from migration (or adoption) through monitoring, management, configuration, security, compliance, backup, support, upgrades, etc.

Unless you've adequately thought through the entire lifecycle of support, you can't fully select the best go-to-market approach (including technology and pricing model) that will ensure a profitable service offering in the long run.

Cloud Tip: Walk Before You Run

This tip does not translate into starting small. If you decide the best cloud service your MSP should offer is full-service private cloud hosting – go for it! But you should decide the best first step – and then take just that step.

For the love of all that is good and holy, don't take a scattershot approach – starting this service, and then pivoting to another – the MSP equivalent of throwing everything against the wall and seeing which service sticks.

Or equally mistakenly, offering the service that your loudest customer is clamoring for. Without a complete understanding of how a new service impacts your entire organization, an investigation into systems and solutions that empower your staff to provide world-class cloud services, and a clear-sighted understanding of the revenue or cost impact of these new services on your organization, you could much more easily jump into an unsuccessful (and profit negative) services engagement.

Cloud Tip: But Get Ready for the Road Ahead

However, just because you should proceed deliberately with your journey, doesn't mean that you don't consider future needs as you consider your options.

While you may know exactly the capabilities your MSP needs today – both in terms of managing your business and offering services to your clients – the landscape is changing too quickly for you to only consider your current requirements. You need to make sure that you don't regret today's IT decisions tomorrow.

For others, they want a life-style business that they will transfer to a business partner or child upon retirement. Still others dream of creating a larger regional, or even international, business that grows via acquisition.

Of course, you may change your mind over the years – maybe many times over. However, it's still critical that you articulate your ultimate goals for your business before you put together the other elements of your strategy.

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MSP Business Planning for Business Growth

There are three cornerstones to any kind of successful business – building a business plan, executing on that plan, and measuring your results. Oh, I forgot. You also have to be able to change course mid-stream, even in some fundamental ways.

In this piece we'll assume your MSP business is up and running, so business planning isn't so much about creating a new business as it is expanding one.

Before we get started, let's start with a bold statement. The biggest **mistake** too many MSPs make?

They don't have a business plan.

It's that simple. Some MSPs want to hit the ground running. To them, the thought of spending precious time documenting mission statements and financial projections seems like time wasted. Who has time for planning when your day is filled with finding new clients, bringing up new services, and hiring a tech or two?

If that's you, please reconsider. It doesn't have to be all or nothing. In fact, the most important part of any plan isn't how complete it is. The most important part is that a plan exists at all that you thought through and documented some basic aspects of your business:

Defining a Business Plan

Many experts think of the process as business plan first – what are you, what do you want to be – and then strategy – how are you going to use the resources at your disposal to make your business plan. Others, especially true startups take the opposite approach. They think on a high-level first, and dive into the details later.

TruMethods CEO Gary Pica has very defined views about business planning. "To create an MSP business plan that helps you achieve your growth goals, you have to evaluate where your company currently stands and where it's been. Take a look at your MSP results and resources over the past few years," Pica argued.

There are clearly gray areas and overlaps between a business plan and developing a high-level strategy. After all, your business plan wouldn't be very much if you didn't have a firm strategy, especially for longer range multi-year business plans.

While many think of quarterly plans, so-called 30/60/90 plans, business planning must



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have more depth than these short term largely financial views. Your plan defines the structure as to how you do business. And this includes detailing items such as finances, organizational structure, and of course people.

For startups, the business plan in fact details high-level strategy, and this document can be used to raise money to get your company underway.

In fact, your business plan and your strategic plan should be closely related – they should work as a team.

Business Planning Basics

Business plans, while often focused on finances, should also include detailed sections on operations, marketing, personnel and other issues.

In terms of operations, how exactly will you achieve your short- and longer-term goals? Do you have the right office space, enough people, and are you structured organizationally for the kind of growth you plan to achieve?

Before you can really define your marketing, you must consider what it is you are selling, and how that may change in the future. Then you can dive into the target market and how you plan to stand out versus your competitors, and what marketing tools and techniques you'll use.

Finances often take the most time to develop, and they should not be given short shrift. First, you need an accurate view of past performance. This can help inform solid projects as to your future numbers.

3 Business Planning Must-Haves

1. Identify ideal clients

The first year you're in business, you may want to take any client that breathes and is willing to pay you money. However, you need to identify your ideal client and make actionable plans to find prospects who match your criteria. Here are a few questions to get you started:

- What size company, both by revenue and employee count?
- Which industry or industries? Are compliance regulations a plus or a minus for you?
- Do they want cutting edge IT services, or do they want to do just enough to keep the business going?

2. Define business services scope

No MSP can be all things to all types of customers. You need to strategize on which services your market segment needs that you can offer and end up with a strong profit margin. Then be upfront with both prospects and clients on the services you deliver and

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how you deliver them. The best way to do this is to document the scope of your business services to minimize scope creep.

Of course you can take on clients who don't fit the ideal model. But, with a plan, you are now making a conscious decision on a case-by-case basis. Taking on a non-ideal client is no longer something you do automatically because you don't know any better. For example, perhaps you've decided to standardize on the infrastructure – including hardware, servers, desktop, edge devices, OSs, versioning – that you support. If a potential client has non-compliant infrastructure they are unwilling to change, you can still take on the client. However, you know how much of a premium to charge for managing non-standard systems so that you adequately cover the extra work and time required to manage them.

3. Establish business objectives

What milestones do you want to achieve over the next year or two? If you don't want to think five years down the road, that's fine. But you have to look ahead at least one to two years. How many clients do you want to have and at what type of margin? What actions do you need to do today to reach that goal?

Some of your objectives may be around life/work balance. Take those into consideration as well. You wanted to become an MSP for a reason. If you don't clearly state your objectives, you may never achieve them.

Making the Right Exit

Many MSP owners can go along for five, ten, fifteen years before thinking about retirement. At the end of the day, there are only a few options – sell, merge, hand the business over, or shut down. Take some time to think these options through realistically, and identify which one you want to work toward. With your ultimate end goal in mind, you can develop your business to move forward toward that direction. Then, when an opportunity presents itself, you're ready to evaluate it and conduct thorough due diligence.

Of course technology, market trends, and client needs all change quickly. In fact, your own business and personal objectives can just as quickly change. No plan stays current forever. So, review your plan at least annually, even if you review and decide no changes are needed.

Don't let getting it perfect get in the way of getting it done. Even if your final document wouldn't win any prizes as the most thorough "business plan" of all time, make sure you think through and write down the most important aspects of your business. That way, the small day-to-day decisions you make won't inadvertently lead you down a path you never meant to go.

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For more advice on exit strategies, let's turn to a true expert. Philip Vorobeychik, Senior Associate at Insight Venture Partners, has been in the trenches on both the buying and selling sides. Vorobeychik has a checklist for improving your company's appeal:

- "Become fanatically customer centric
- Ensure customer loyalty is to the business (not you)
- Improve processes and improve again (and again)
- Improve your depth of talent and retention rates
- Improve your systems / know your business
- Exit unprofitable businesses and customers"

Perhaps you are considering acquisitions to drive your company's growth. Here are some danger signs you should look for when evaluating a potential acquisition target, according to Vorobeychick:

- "Misrepresentation of data (financial, etc.)
- Obstruction
- Declining revenues
- Customer turnover
- Risk concentration (key employee/customer)
- Employee quality/morale"

How to Value Your MSP

Again, even if you aren't looking for the exit for some time, it's important as part of your ongoing business planning to have an idea of what your business is worth. MSPs can be tough to value, as they come in all shapes and sizes, and the markets they serve undergo constant and dramatic change. That means that while metrics have merit, they are not a hard and fast way of determining a definitive value. Instead, the value "is heavily dependent on the individual company's revenue, margins, service mix, geography, quality of consultants, and many other factors," argues Mergertech, an investment bank in its [MSP Performance & Valuation Report](#).

"As a general rule of thumb, the most highly valued MSPs do not have a single client that makes up more than 12% of revenue with the top ten clients accounting for less than 40% of revenue," the firm concludes.

Here are other metrics that help determine the health and value of your MSP operation:

- Revenue per employee — \$250,000 is an ideal number
- Rate of growth – positive growth is a must, but there are limits to how fast a labor-intensive business can expand.
- Percentage of revenue based on services – you want services to represent the vast majority of your income

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40%

of revenue,"

- Ability to retain top employees – your staff is core to your value. Too much turnover shows risk to future health of the business.

The Multiplier Effect

Multipliers, whether of sales or profits, are often used to set a price. EBITDA is often the preferred multiplier to use for valuations. For instance, some experts claim that MSPs with their own hosting infrastructure and guaranteed revenue can sell for 10x EBITDA, while smaller MSPs with no real infrastructure and a small portion of recurring revenue will be offered half that – or less.

But EBITDA doesn't tell the whole story, of course. An MSP is as healthy as its service portfolio, with valuations tightly tied to recurring revenues growth. If more than half of your revenues are recurring, generally speaking, you stand in good stead.

The way you run your business also matters. Just as you want to automate client's infrastructure and IT operations, you want your own businesses processes to be automated so you are poised and ready for growth. Furthermore, the more that you are embedded into your clients' business and perceived as a trusted advisor, versus just troubleshooting problems, the more value you have.

Other Critical Business Plan Components

Every business plan is unique and every MSP business owner needs to find out for themselves what format works best for them. As mentioned earlier, the most important step is to have a business plan versus having the perfect business plan.

Here is a list of other items typically included in a actionable business plan. Many of these items are addressed in more detail in later chapters in this guide.

Company Vision

Prepare for some soul-searching. Define your purpose—why you do what you do—as well as core values that guide the 'how' of your business. Then establish a 10-year net worth goal.

Long-Term Goals and Targets

Using a 3-year time frame, determine your company structure and sales goals in relation to your vision. Set priorities and check profit margins to make sure they're in line with goals.

1-Year Plan

With targets in place, develop a 1-year plan for sales goals and priorities that are aligned with your vision.

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for themselves
what format
works best
for them.

Quarterly Action Plan

It's time for implementation—the most important part of a business plan and also where the most mistakes are made. Think about quarterly goals in terms of sales, revenue, and new clients. Create a to-do list to move toward your goals. But also make a 'to-don't' list, so that resources are not stretched too thin.

Once you learn how to focus on the most important action items every quarter, dramatic business success will follow.

Gary suggests you're on your way to being a world-class MSP when you can answer 'yes' to these questions:

- Do you have a current business plan that includes a target and vision?
- Do you have a quarterly action plan?
- Is every team member accountable for results?
- Do you schedule one day per quarter for strategic planning?

Pricing

Once you know your services (including break/fix, reselling hardware or software, managed services, etc.), you need to establish what you will charge for these services. Some may best be charged per user, per device, or as a blanket set-price charge. Even for ongoing services, you will need to consider setup fees.

When considering pricing, certainly consider what similar services are being offered in your market (whether geo- or industry-based). However, Kaseya's annual MSP Pricing Survey indicates that MSPs that know – and can communicate – the value they deliver command higher prices than MSPs who only consider the cost of delivering services.

Margins

You need to understand the target margins you need to achieve your overall business and personal goals. Make sure that you take plenty of time to research the products and services you are going to sell, and work out exactly how much you have to pay to deliver – including supplier, personnel and technology costs. Your suppliers and technology vendors are critical for your success, so make sure you choose vendors who will act as true partners. The technology solutions that are the basis for your managed services need to be easy to use, making your staff more productive and efficient, your clients more satisfied and loyal, and your margins comfortable and constantly improving.

Branding

Branding is all about defining who you are and doing so in a way that is compelling to clients. While we have an entire chapter on branding and another on marketing in this eBook, we'll take a moment to walk through some high level basics.

Your company really should have an identity – an image – that projects the value of who

Once you learn how to focus on the most important action items every quarter, dramatic business success will follow.

you are and what you offer. Not everyone has a catchy name like Google they can brand around. The more importance issue is that clients view you as competent, professional and forward-thinking.

Your brand should also reflect your company culture, and your culture should represent your brand in a disciplined way. This could include, for instance, a certain style of dress reflecting whether you are more geek or pure business.

It also may involve deciding whether you have a single visible leader or promote a team approach.

Finally, your written materials, website and blogs should all be done in a particular that reflects the feel of the company.

Personnel and Organizational Structure

After your customers, the most important part of your business is your staff. These are the people who will interact with your most valued possession – your customers.

They are also responsible for the quality of the services you deliver. This means you need to make sure you can afford the right type of people to suit your business.

This is of course always a personal choice, and comes down to how you want to run your business.

There are a number of different aspects to the right kind of personnel, from their personal disposition to their location. For the purposes of the MSP Business plan, we are most concerned with the roles that they fill, and the amount that will be required to find the right person.

By thinking clearly about the roles you need to fill in the business, you can then work out how much you will need to allow for each of these positions. There are three main areas MSPs need to focus on to meet the needs of the business, remote services, onsite service and management/sales.

Business Plan Reassessment

Your business plan is not a once in a lifetime creation or an annual endeavor. It should be regularly revisited. And that is the advice of none other than MSP guru Gary Pica, president of the TruMethods. In a [recent blog](#) Pica argued the importance of mid-year business plan reviews. This all starts with looking back at how you fared last year, and whether key goals were met. Pica suggests taking a deep look at:

- “Revenue
- Gross margins
- New monthly recurring revenue sales
- Churn
- Average AISP (all-in seat price)
- Average monthly recurring revenue”

Your business plan is not a once in a lifetime creation or an annual endeavor. It should be regularly revisited.

Based on this, you can then modify your plans. “Are you on track to meet the goals you set at the beginning of the year? Or, if you’re just creating a business plan now, are you in a position to meet those objectives? If not, you need to right the ship. There are two adjustments you could make: The first is to your goals, and the second is to your performance,” Pica argued. “On the other hand, an inability to reach your goals could be due to the fact that you’re just not operating efficiently enough. Are you wasting time on IT tickets? Are you not generating enough monthly recurring revenue? When facing issues like these, focus your efforts on improving performance. If your sales are lagging, invest more resources in your sales team. Determine where improvements could be made and push your team to make them.”

Remember, a business plan isn’t created so that it can sit on your shelf as an action item you crossed off your list. It’s a powerful instrument to help you keep you, your business, and your employees all on track to achieve your short- and long-term goals.

Vertical Strategies and Top Vertical Markets

Vertical markets are a great way to expand your business. Going after more and more clients, no matter their industry, is also a great way to expand your business. And doing both at once isn't a bad approach either.

So how do you figure out what to do? As an MSP professional that is really your call. Rather than telling you what to do, we'll talk about the value, and the protective value, of being a vertical MSP.

A big reason to go vertical is that you aren't just selling your expertise in managing and securing general-purpose systems. Instead you can make these systems shine in particular industries, such as finance, public companies and healthcare – all three of which require compliance expertise.

Let me ask a simple question. If you are selling to a college, and have educational expertise, do you have a better chance of sealing the deal than a general business MSP? Of course you do. You have a massive advantage in getting this new business. In a case such as this, would you rather be a commodity or an expert?

Here's more good news. Once you are an expert in a vertical (or two or three) you have a much better chance of holding onto this business – holding onto your business. That is the protective value.

What vertical is right for you? There are two main issues when it comes to choosing a vertical; it is up to you to decide which one is more important. One aspect is which verticals offer the best economic opportunities, best growth, and are best suited for MSP services. The other – being clear on where your passion and expertise lie.

Oh, there is a third biggie. Do you have a large portion of clients already in a vertical, and could you provide more consulting and services if you knew the vertical better?

Besides the questions posed above, consider these additional factors:

- What verticals have an abundance of clients in your area?
- Are there verticals that offer larger profit margins such as health care and finance?
- What is the state of automation in particular verticals, and can you help solve the business and technical challenges?



What
vertical
is right
for you?

What it Takes to Go Vertical

Going vertical means having expertise in that field, which helps you consult with vertical clients and be a trusted advisor. The next step in serving the vertical can be bringing new vertical-specific technologies into your portfolio. In healthcare, it could be patient billing or electronic medical records (EMR). In higher education, it could be distance learning or fundraising. In finance, it could be big data, audit support, or CRM. And the technologies get a lot narrower than these.

Is Technical Specialization a Vertical?

To my mind, technical specialization is not a vertical. I view verticals as being industry- or field-specific. However, technical specialization has some of the same benefits as vertical specialization. Some specializations include security, cloud applications, private or hybrid cloud infrastructure monitoring, Business Continuity (Backup and Restore is too broad to be considered a specialty), Platform-as-a-Service (PaaS) and Infrastructure-as-a-Service (IaaS).

Best Vertical Bets

There are many great verticals. Three of the most popular verticals for Kaseya customers are healthcare, education and finance.

Healthcare

Healthcare is a terrific vertical because it is an ever-growing field, with many sub-markets, including hospitals, private practices, nursing care and residential care facilities, home health care and others. One of the biggest opportunities is with HIPAA compliance. Small and medium-size healthcare concerns don't generally understand the technology needed to be HIPAA compliant and how to manage it if they even had it. With IT automation, tight access control technology, and an in-depth study of HIPAA requirements, you could become a trusted and valued partner to your healthcare clients.

Education

K-12 and Higher Education are both terrific markets for MSPs. The MSP selling point here is to offload the constant IT grunt work that keeps educational IT departments from focusing on innovation. MSPs are well-placed to leverage IT automation and RMM to smoothly manage core IT functions, including help desk, security and access control, patching, software updates, and network monitoring. The vertical aspect comes in when you embrace specific education needs. These can include alumni relations, curriculum systems, CRM, library support and more.

There may be a terrific vertical opportunity in your area, but if you aren't interested in the field, it is tough to make it work.

Finance

The MSP's relationship with finance firms usually starts with IT compliance. Relevant regulations can vary depending on location and sub-vertical, of course. But the essentials – discovery of all IT assets, continual monitoring for SOP compliance, tracking and recording of all work, etc. – remain the same. Even better, the MSP is a finance company's best friend when a compliance audit comes around. That's because careful monitoring and rich real-time reporting that MSPs are often equipped with lets finance companies pass these audits with ease.

App Dev as a Service

If you feel comfortable in the world of programming, you can offer Application Development-as-a-Service. The neat thing is the world of programming and app dev has changed dramatically. For decades there were technologies such as fourth-generation languages that promise you could program without programming. It didn't really work. Now we have real progress. Visual and model-driven development means that you can develop pretty robust apps without writing a lick of code. You aren't going to write the next version of Excel, but you can get a lot done with these technologies. This is particularly true for mobile apps where visual and model-driven development really shine.

Another breakthrough is Platform-as-a-Service (PaaS). This is a broad complex field of technology, so we'll give you the short course. Basically PaaS replaces the entire software and hardware infrastructure you need for software development with a cloud service. This way, developers only worry about developing. Some PaaSes include the visual and model-driven development environments making it easier to develop and then iterate programs. The PaaS can even host the program if you choose.

In the End

In the end, whether you go vertical or stay horizontal is your decision. MSPs work terribly hard, and what keeps most of you going is passion. The same is true for verticals. There may be a terrific vertical opportunity in your area, but if you aren't interested in the field, it is tough to make it work.

How Kaseya Can Help

Kaseya has a full suite of tools to make you a better MSP, whether you are horizontal, vertical, or a bit of both.

Kaseya also has a number of resources to help you learn more about verticals.

In healthcare, check out

“Why Healthcare IT Requires Strong Authentication.”

If you are interested in banking, you may want to read

“Banking IT Systems Management: Challenges and Solutions.”

And for those that

care about retail, we have

“How to Overcome 9 Tough Retail IT Challenges.”

Creating and Building a Strong MSP Brand

There are well over 40,000 MSPs in North America, and thousands of VARs every year are moving to service fattening those numbers further.

In some geographies, MSPs are stepping on each other's toes. Branding for MSPs has always been important, but there wasn't always great differentiation between providers. Now, however, providers are evolving to adapt to an MSP 2.0 environment and looking to attain Trusted Advisor status. If you play these two cards right, there is plenty of differentiation to crow about.

When managed services were more a commodity, many deals were won by price alone. You could get away without a strong distinctive brand. At the same time, players with known names got more sales meetings and came away with more deals.

Today, however, brand is more critical for MSPs than ever. And with the market advancing so rapidly, creating the right identity can help set the pace for the future. In fact, without a strong brand, any marketing effort an MSP does is far less effective.

What's Your Story?

A brand is more than a name, logo, and company description – it should be who you are. It tells your story. Many of the great brands have equally great stories – which you may not be able to match. Think Jobs and Wozniak at Apple, Gates and Allen at Microsoft, and Zuckerberg at Facebook.

Your company does have a story, a history, and a personality. The better you can articulate this – clarify the kernel of your brand – the better customers truly connect with your company.

Some questions to ask:

- Do you have a leader with a distinct personality?
- Do you have a unique technology hook?
- Do you have a unique business/knowledge hook?
- Are you 100% dedicated to the local community?
- Is there a strong focus on one vertical (or several, related verticals)?
- What words would you use to describe your organization?
- Are there particular values your company is proud of?



A brand is more than a name, logo, and company description – it should be who you are. It tells your story.

Brand Assessment

If you are an MSP owner, you probably have a sense of how your brand is working. But it never hurts to put your brand to test. Perhaps you can survey your customers, or sales folks can ask customers how they would describe your MSP operation.

The most important part of this process is to compare the outside feedback to how you and your employees perceive your company. If there's little overlap, then you have to start at the beginning to understand where the disconnect is coming from. And, of course, it's coming from somewhere inside your business.

Even if there is a lot of agreement, it can be useful to study any places where there are wildly diverging views. These are the places to dig into your company culture, work processes, and customer engagement practices to make sure that all aspects of your company are speaking with one voice to support your established brand.

Should You Change Your Name?

It could be argued that if you don't have a name that sets you apart, you should think about changing it so it can carry you forward. It worked for Anderson Consulting, which replaced that moniker for Accenture and shed the old name which made it sound like nothing more than an accounting firm.

If you want a new name, it can be quite a process, and there are even consultants that can help. One stumbling point – many of the best names are long taken.

That's why some high-tech firms have names that don't really mean anything and aren't even words. Like Flickr and Hulu.

If you can't find a name with meaning, you can work to make it mean something the way Google is now synonymous with search.

Beyond the name, having a tagline or phrase that further describes your company is well worth considering.

Perhaps the biggest reason to pause before renaming is the how much name recognition you already have, and may lose, if you ditch the current name for a brand new one.

Extolling the Brand

Once you have a core brand established, it's time for some spit and polish. And here professional help is of the essence. Logos should be clean and compelling and used throughout your signage, website, social media, email signatures, and all company materials. Consistency is key to making sure that your prospects and clients create strong associations between these elements and your brand's story.

It could be argued that if you don't have a name that sets you apart, you should think about changing it.

Beyond that, you can consider having all, or a portion of your work clothes emblazoned with your emblem. For example, what 'uniform' should technicians wear when they go out for any onsite support.

If you have company vehicles for tech or sales visits, these could be uniform and represent the company not just with the logo and color scheme, but descriptors as well.

An MSP Brand Facelift

If your company name and brand is strong and current, you can still give it a facelift.

If you are generally happy, you can still create a new tagline or slogan, and spiff up your logo. At the same you can reevaluate your messaging. Perhaps you have pivoted to new services, a new vertical that is now your focus, or can now act as a vCIO.

While you shouldn't change your brand every year, it is worthwhile to revisit your brand every year to make sure that the visible parts of your brand – the taglines, color palette, collateral, website, business cards, etc. – match the intangible aspects of your brand – corporate values, service quality promises, personality, etc.

Look Toward the Future

There are two types of MSPs – those that want their business to run forever and perhaps even do acquisitions to strengthen the business, and those looking to eventually cash out with a sweet company sale. It is obvious why the first group should care about a brand that fits the MSP's plans.

However, MSPs looking for an exit strategy need to care as well. The value of their company may depend upon on how strongly their brand supports the true value of their business. Read more information on other leading drivers in determining M&A valuations in a recent Kaseya blog - [Making Sense of MSP Merger & Acquisition Mania](#).

If your company name and brand is strong and current, you can still give it a facelift.

MSP Marketing Strategies and Tactics

Managed Service Providers (MSPs) are great with technology, but not always so marketing savvy. Still, how can you expand a business when no one knows who you are?

Sure, much of your business may be developed by word of mouth, based on great customer referrals. But if that is all you do to market yourself, you are leaving money on the table. And you are seriously curtailing your ability to expand, especially geographically.

The good news is that MSPs tend to be very (okay, very very) smart, so learning a thing or two about marketing isn't that tough.

The real question is: are you committed to stepping up your marketing efforts? If you are, we have some advice to get you jazzed up, fine tune your existing marketing, or maybe just get you started.

Of course, there are challenges. An MSP is not Procter & Gamble with millions to spend on every form of advertising, promotion and marketing.

Many MSPs are small or medium-size businesses, and have to be nimble and ready to engage in a little guerilla marketing warfare.

Are You Local?

If your business is local, and you want it to stay that way, most of your marketing can be word of mouth, boosted by client referrals, and good old-fashioned meet and greets – the original form of social networking. While you should keep working this like the devil, chances are your ambitions go beyond this.

It's All About Your Brand

Part of marketing is building a brand, and that requires that you know who and what you are. BMW knows it builds 'driving machines,' which simply defines what these cars are made to do.

Is there a simple way to describe what makes your company stand out? Are you hip to HIPAA, down with DRaaS, or the greatest thing to defense since General Patton? If so, say it, say it loud, and say it often.



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Four Sure-fire MSP Marketing Strategies

Tip One.

The Internet is both good and bad for marketers. The bad side, ironically, is that digital marketing can seem complex, given all the choices available. The good news is you don't have to avail yourself of every option, and great marketing can be done for little or no cost.

In fact, it's more important to identify one or two tactics and invest in them consistently (both in terms of money and time) than to invest for a short period of time, then do nothing, then invest, etc.

Tip Two.

Decide who you are and who you want to be. There are two aspects to this exercise. First, 'who you are' drives what brand you want to promote. What words or phrases should one conjure when they think about your company? Can you condense it into a simple message that is easy to repeat and remember – so that your brand message more easily spreads?

'Who you want to be' drives how much and what kind of marketing you need. And it drives your brand which should be broadened to account for future plans.

On the marketing execution side, if you want to be a trusted local shop catering to a small number of clients, far fewer dollars are needed than if your eyes are on being regional powerhouse. If you want explosive growth and to expand geographically, you need a deep and rich marketing plan which includes social media, Google AdWords and all forms of lead generation and content marketing.

Tip Three.

Decide what you know about marketing, and what you don't. Do you or your staff have knowledge of marketing or PR? Do you like this work? Do you really have time to do it? If you think you are good at these functions and enjoy them, still do a cost/benefit analysis. Your technical and management time is valuable, likely far more valuable than you spending that time tinkering with marketing.

This is clearly more of an issue for small and mid-size MSPs, since larger ones usually have outsourced marketing or a dedicated staff for this function. Ulistic, an MSP marketing consultancy, believes spreading the word is a 'do or die' activity. "With more IT Managed Service Providers (MSPs) entering the marketplace, established MSPs are facing slowing sales and growth; some are even going out of business. This is due to the fact that many don't market themselves effectively, or at all," argues Ulistic. "In years

Your technical and management time is valuable, likely far more valuable than you spending that time tinkering with marketing.

past, MSPs could grow their business through word-of-mouth referrals. With an abundance of new MSPs selling services today, this is no longer the case. The competition is fierce. Today, marketing is the lifeline for MSPs.”

Tip Four.

Vendors are a great source of marketing assistance. And there are consulting firms such as Ulistic which sells MSP marketing services, as well as sales coaching and business consulting.

Others to consider include Robin Roberts’ TechnologyMarketingToolkit.com, a marketing and sales consultancy and set of tools, and Mindmatrix, which sells sales and marketing enablement software for the channel.

A Dozen Content Tips and Techniques

Content is a critical way to spread your message, and this includes your web site, blog, white papers and thought leadership articles. Here are ways to make your content efforts shine.

Content is your friend.

As an MSP you are selling expertise, not used cars. You need to convince prospects that you know what you are doing and define what it is you are especially good at.

Content is a great way to do this. Having a rich blog on your web site shows what you know, how you are unique, and what you have to offer. Tagged right, it is also great for SEO – you can draw prospects into your website. Video is also great for SEO, and lets visitors see directly what you are about. Even a smartphone can let you do short, high quality videos you can post on your site.

Make sure you spread these on social media, and if there is a hook, some humor or something else compelling, they could, if not go viral, then at least get more exposure.

Have a professional web site.

These days, your website is your identity – this is not a place to do it yourself without expert help. The good news is that there is an abundance of inexpensive resources available today to help you set up a clean, well-designed website quickly and easily. Check out Squarespace, Shopify, Volusion and Yodle as well as most companies, such as GoDaddy, that license domains.

The more labor intensive side of the project is to take the time to clearly describe your offerings and the technical, strategic and economic value they represent. Make sure it is compelling, informative, represents who you are, and is SEO-optimized. It should have a blog, some customer examples, perhaps a newsletter prospects and customers can subscribe to, and most important of all – communicates your value in a compelling way.

You need to convince prospects that you know what you are doing and define what it is you are especially good at.

Keep them coming back for more.

The more often you interact with a prospect, the better the chance of closing the deal. One great technique is to get web visitors to subscribe to your blog or to an e-newsletter. This way you have their contact info and a steady line of communication has been opened. Here's the trick. Don't look at this as a pure sales opportunity. You can turn prospects off quickly that way. Instead, engage them with useful information so they'll trust you more and more. You can dangle the occasional carrot but you'd much rather have them come to YOU once they have faith in your company.

However, before you can keep them coming back for more, you have to get them in the first place. E-mail and other forms of outbound marketing are effective at enticing prospects to visit your web page, offer their e-mail address, or pick up the phone and give you a call 20 minutes to your key selling points. Write down the top three benefits you deliver that clients say are the reasons they selected you. Under each benefit, list the top three ways your company is better than anyone else at delivering this benefit. Then, under each of these items, list the three to five tactics or actions you and your team do to make this happen. There you go benefits, features and functionality on one piece of paper.

Write to one person.

Whenever you start to write an article or blog, picture your favorite client – the smart one who gets it and is a joy to work with. Then ask yourself: will he care about this post? If the answer is no, stop writing. The point of creating content isn't just to fill up a page. It's to create a blog or post that delivers value to your reader. So, instead of just writing till you feel like stopping, think about what angle on this topic would make him care. Then, write about that. This trick will save you time, since you'll 1) stop writing generic, me-too content that gets you nothing for your effort and 2) write your posts faster. Once you've tightened up your focus, you'll know when you've made your point(s) and can stop writing.

Prime the pump for good content ideas.

Tools like Buzzsumo and Google Trends can help you see the relative trending of different terms and keywords. Even better, the results may spark ideas for new content in the future.

Don't bury the lede.

Your reader may take five seconds on your content, so make sure they count. As someone with a technical, non-marketing background, you might tend to build an argument in your writing point by point, so that the main conclusions come at the end which is opposite of where they should be. So, after finishing your blog, go back and put the concluding points right up at the top. Then, list the supporting materials.

The more often you interact with a prospect, the better the chance of closing the deal.

Sometimes, the best way to do this is to walk away from your writing for at least a day to get a fresh perspective.

Craft clickable and sharable headlines.

For fun, try TweetYourBiz or Portent. For more serious feedback, check out CoSchedule's headline analyzer.

After you write a good blog, don't drop the mic and walk away.

Instead, think how many OTHER content items you can produce from this blog. Perhaps what you really have is a three-part blog that can be turned into a longer whitepaper. If you create a killer Powerpoint, share it via SlideShare; then write a blog about it, then post updates on your Facebook, LinkedIn and Twitter properties.

Be clear on next steps.

What do you want a prospect to do after reading your collateral or blog? Great idea! Have you clearly told the reader what that is? They aren't mind readers, after all. Make the buttons big and clear and the text something to drive action, such as Get My Free eBook.

Simplify design.

The best design hack is similar to the best writing hack. Simplify. Do less than you think you need. Don't pretend you're a good designer when chances are you're not. Two colors and a font. That's all you need and all you should use unless you've been trained. Remember, if you try to give emphasis to everything on the page, then nothing on the page has any emphasis. Make it simple, clean and, when in doubt, use lots of white space.

Remember to have fun.

Marketing is important, but it's also the place to have a little fun. For example, business cards are an overlooked venue for reinforcing the essential components of your brand and content. Moo.com offers business cards that can have a different photo or design on every card in a pack. Create your own but if you don't have the time or money to spend on your own design, you can explore the ready-made designs and see if any of them are right for your company.

Of course, all your marketing efforts should sync with your business plan. You do have a business plan, right? If not, check out Chapter 3.

Of course, all your marketing efforts should sync with your business plan. You do have a business plan, right?

Choosing the Right Technologies for Your MSP

MSPs live and die by technology. An increasing percentage of MSP revenues is derived from the services that MSPs sell to clients. And these services are based upon the software solutions MSPs choose, implement and exploit.

This chapter covers how:

- Technology can drive efficient service delivery
- You no longer need to choose best-of-breed solutions and closed, integration solution sets
- Requirements for next-generation PSA and revenue-generating MSP 2.0 software
- Kaseya IT Complete for MSP supports growth in an MSP 2.0 world

Service Delivery

The ultimate success of your managed services business depends on how efficient you can make your service delivery model. The most efficient MSPs support thousands of client devices per engineer. They do this by continuously and systematically eliminating the sources of unpredictability which would otherwise consume countless hours of analysis and remedial work.

Not only is this the most profitable approach, it also maximizes both client satisfaction and professional staff satisfaction. It results in the ability to easily onboard and support new clients as well as to extend new services to existing clients, all without necessarily increasing the number of technical staff required. When new staff are required, they can quickly be brought up to speed using the common IT management solutions and standard processes that have been developed, allowing rapid scalability to meet every likely circumstance.

When choosing the IT management solutions your team will need to optimize efficiency, it's best to think about a layered approach. There are general purpose solutions that you'll need to use all the time and specialized products that may only be needed occasionally. The goal should be to minimize the number of specialized products or tools and maximize the scope of the general purpose solutions.

General purpose products are used by most of your technical team members, will quickly become familiar, and should be easily scalable as your business grows. Specialized tools may only be required for certain services or in certain circumstances.

The
ultimate
success
of your managed
services business
depends on how
efficient you can
make your service
delivery model.

Examples of general purpose management solutions include your helpdesk or trouble ticket system, your PSA and your IT monitoring and management capabilities.

The fewer different products required and the closer the coupling between them, the more efficient and effective your organization will become.

Organizations that rely on a wide array of different products often have a hard time achieving the highest levels of efficiency because incompatibilities lead to longer event Mean Time to Repairs (MTTRs) and make automation of routine tasks more challenging.

No Compromise Required

In an MSP 2.0 world, you can't afford to get locked into a closed technology community.

The MSP landscape is changing too quickly: competitive pressures are growing stronger; new technologies are emerging every day; and customer requirements are getting more demanding and more complex.

The good news is that you're no longer between a rock and a hard place when choosing between best of breed or a closed integrated solution suite. You can both select the solutions with the capabilities that best fits your needs AND deploy these capabilities in an integrated way with your other solutions by selecting vendors who cultivate a robust and open technology ecosystem that:

- Delivers heterogeneous solutions that are open and easily integrated with each other
- Supports your ability to easily extend your technology capabilities when you need to
- Invests in innovative solutions that meet rapidly changing MSP 2.0 customer requirements
- Creates, shares and extends powerful, field-tested automation, especially policy-based automation
- Provides you full choice in how, when and in which order you select and deploy new solutions
- Leverages modern, intuitive interfaces and system design that enhances user productivity, and workflow customization

Open and Integrated: It's No Longer Either/Or

The reign of closed solution suites is over, shifting to the rise of open, heterogeneous software ecosystems. As Jim Lundy, analyst for Aragon Research writes, "The shift we are talking about is the realization by many of the largest Tech Titans that closed systems and ones that don't interoperate are dead. The new model that is evolving is

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one of cooperation (partnering), cloud and app level integration.”

Salesforce.com was an early adopter of this model, explaining, “We recognized that our success hinged on building a vibrant ecosystem.” Even behemoths in the ERP space – where tightly integrated solution suites reached its apotheosis – are evolving into what Gartner terms “postmodern ERP,” which is a “loose confederation of on-premises software suites augmented with SaaS applications.”

These new ecosystems – supporting heterogeneous solutions – are enabled by a broad technology shift which makes integration between systems, and even between cloud and on-premises solutions, far less cumbersome than it used to be. Simon Griffiths from Flowgear points out, “Integration has become easier, more cost effective, quicker to implement, and more flexible. Because of this, the advantages that integrated suites used to have no longer apply.”

Kaseya IT Complete for MSPs

IT Complete for MSPs, the industry’s first and only Unified MSP Growth Platform, provides MSPs with both solutions that help them RUN their business, as well as the most comprehensive offering of revenue-generating solutions to enable them to GROW their business.

Each solution set of Kaseya IT Complete has been designed to be open and integrate with non-Kaseya products should the MSP so desire. Be it a non-Kaseya PSA, or other products, Kaseya IT Complete will remain an open solution and Kaseya overall will remain open to the vendors’ products, PSA and otherwise.

Each component of Kaseya IT Complete is the best in class and category as a stand-alone solution. However, when used together, Kaseya IT Complete offers significant incremental value to the MSP.

Next Generation PSA

PSA solutions are critical tools for MSPs, but the reality is that no PSA product directly generates revenue for the MSP. These critical products provide a very important function of running the MSP business, but do not generate revenue. Therefore, a next-generation PSA product should be sold at a very low price point so that the MSP frees up money to invest in other key aspects of their business, such as hiring additional techs, or more sales people, to address the growing and evolving needs of their SMB customers and the market overall.

Moreover, next-generation PSA solutions should include all functions at one low price to the MSP, since efficiencies can only be realized when all the functionality of a PSA is

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working together. All core PSA functionality must be included as standard for: Billing, CRM, Project Management, Inventory, HR, Contract Management, Service Desk/Ticketing, and Reporting.

An easy-to-use interface makes it simple to learn and use for everyone in the MSP - from billing, to sales, to technicians, to office managers. This ensures that there is complete compliance for all users at an MSP, to ensure that the MSP gets the most value out of its PSA, and no one works around or out of the system due to difficulty of use.

Revenue-Generating MSP 2.0 Software

The most important aspect of a modern Unified MSP Growth Platform is the completeness of its portfolio of software for which the MSP can generate revenue in the form of managed services. This is often known as revenue-generating software.

The platform should include software that is ready for MSPs to build managed services around, both today and in the future. The revenue-generating aspect of the solutions is the most critical, as it leads directly to the MSP's profitability and sustainable differentiation.

Revenue-generating software should be inclusive of next-generation Remote Monitoring and Management (RMM) software, as well as a portfolio of complementary MSP 2.0 Emerging Solutions that MSPs can offer as services that SMBs are asking for today. The platform must be continuously innovating and be one step ahead of what the SMBs are asking from their MSPs, so that the MSPs on the platform are seen as thought leaders and can deliver what clients need, when they need it.

For more information on IT Complete, download our [IT Complete Playbook – Your Roadmap to Success in the MSP 2.0 World.](#)

For more information on Open and Integrated Solutions, download our whitepaper [Best of Breed vs. Closed, Integrated Solutions? There's a Third Way: Open, Integrated, and Agile.](#)

The most important aspect of a modern Unified MSP Growth Platform is the completeness of its portfolio of software.

Learn more.

Click for **Part II & Part III**