



FIVE PRICING MISTAKES MSPs
MAKE AND HOW TO AVOID THEM

ENTER EBOOK

Introduction

For many MSPs, deciding what technology to deliver as part of a managed services offering is the easy part of their business. After all, if you have a good handle on your customers' IT service needs, it doesn't take a leap of faith to plan your product mix accordingly. What's difficult – especially for those MSPs just transitioning from a break-fix model – are the decisions surrounding pricing. **How you price your services can have a huge impact on the success of your business.**

That's why we surveyed our MSP Elite partners to get their take on what works and what doesn't and why when it comes to pricing managed services. Read on to discover what they had to tell us.

ADHERING TO INFLEXIBLE PRICING STRUCTURES

The most important pricing advice is to **be clear and flexible**. Where a lot of MSPs make mistakes is being inflexible and rigid in their pricing and offerings. If you can provide the specific services that your customers want and need now, at a price that makes sense for their business, **you will prove your value and build a great relationship** – opening the opportunity to upsell and cross-sell as their organization grows.


Mistake #1



Mistake #2

PRICING YOUR SERVICES LIKE EVERY OTHER MSP

Many MSPs try to – or want to – align pricing with the rest of the market. But the mistake with this is **why would a prospect choose your firm if it's the same as everyone else's?** Your pricing is “right” based on your differentiation and your value add, so what makes you unique? How do you protect the customers' revenue-generation activities, staff productivity, and their overall ability to do business? If you can be accountable in these key areas, **your price should always be “right.”**



FEAR OF RAISING PRICES AND LOSING THE DEAL

Inflation happens. It's that simple, no matter where your business operates. But raising prices inevitably creates discomfort with customers and MSPs alike. **The key is to have proper justification in the event you must raise fees.** Is it due to an increase in applications in the environment? Is it due to an increase in staff that was not properly accounted for in the contract? Is it general inflationary costs of your staff?

All of these are justified especially if a customer has not experienced a price increase in several years. **Always look to your internal process beforehand**, however, and evaluate where you can maximize efficiency and automation. You might be able to negate pricing changes by making internal adjustments first. If you need to increase prices, do it. You need to be paid for the exceptional value and service you provide and good customers will see that.

Mistake #3



Mistake #4

CAVING TO COMMODITIZATION

There is a rising tide of competitors in managed services that compete on price, not value. Their approach is to commoditize their services, forcing traditional MSPs to constantly justify higher fees. A disturbing truth is that **the price of traditional monitoring and IT service management has fallen dramatically** due to cloud services providers' focus on price above all else. Smart MSPs don't cave in to compete on price. They stay the course and continue to **compete on value and service**.

To compete effectively in this manner, however, they must first **expand their RMM and IT service management offerings to span the cloud**, on-premise and hybrid versions of cloud/on-premise. Secondly, they must **improve their operational efficiencies through automation** and other means. When MSPs can deliver their higher value services more efficiently and in higher volumes, they can better justify their fees — and still enjoy strong margins. This is why drag-and-drop MSP automation is unlocking the key to greater operational efficiency today, giving MSPs a stronger competitive edge and a more streamlined approach to business.

OVERLOOKING BUNDLING

Many MSPs avoid an à la carte pricing and sales model because they think it keeps them from earning a greater share of wallet, or that it's too complicated to maintain. But generally speaking, **the easiest and most efficient way for IT service providers to start to win new business is through an à la carte model** that will allow them to directly align services and support with the business objectives of customers and prospects. The main components of this model typically include bundled items such as AV, data backup and management, patch management services, and spam services — all areas every business owner understands are required at a minimum to keep their IT environment running smoothly.

This approach gives MSPs the **opportunity to better understand client needs**, use information obtained throughout any à la carte support efforts, and better define and build the offering and support agreement based on the needs of the customers. As time goes on and success is achieved with the customer, additional offerings can be bundled into the solution.

Mistake #5



How **SolarWinds MSP** can help

With SolarWinds® MSP, you can offer your customers automated, itemized service packages like antivirus, malware, patch and backup. Our award-winning IT platform lets you deliver real-time help straight to your clients' desktops, strengthening the customer relationship every time. You can offer hundreds of users exactly what their devices need — driving revenue, reducing labor and growing your profitability.

Find out more at www.solarwindsmsp.com.

About SolarWinds[®] MSP

SolarWinds MSP empowers MSPs of every size and scale worldwide to create highly efficient and profitable businesses that drive a measurable competitive advantage. Integrated solutions including automation, security, and network and service management—both on-premises and in the cloud, backed by actionable data insights, help MSPs get the job done easier and faster.

SolarWinds MSP helps MSPs focus on what matters most—meeting their SLAs and creating a profitable business.

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