

Managed IT Services

Leveraging vendor partners to make the journey

by: Brent Hoskins, Office Technology Magazine

You don't have to go it alone. For those office technology dealers seeking to enter the burgeoning managed IT services arena, there are a growing number of vendors focused on helping dealers with implementation, administration and the sales process. Are you ready to move forward? If so, consider the resources and expertise of the various vendor partners poised to help you make the journey.

While there are many options, following is a brief look at three vendors working with office technology dealers seeking to reap the rewards of managed IT. Perhaps their comments will put your mind at ease and inspire you to take a closer look at the opportunity.

Continuum

To date, around 150 office technology dealerships have turned to Continuum as their primary partner in pursuit of the opportunity. Continuum offers an intelligent software platform backed by expert services teams via a subscription-based model. The platform features cybersecurity, remote monitoring and management (RMM), backup and disaster recovery (BDR), and integrated SOC, NOC and help-desk services.

Those 150 dealers are doing quite well, says John Schweizer, vice president of office technology at Continuum. "Our most aggressive partners — in terms of growth characteristics and recurring revenue — are among the office technology dealerships that embrace the program," he says. "They have the customer bases and what it takes."

Schweizer has high expectations for the dealer channel. "There are tens of thousands of managed services providers [MSPs] in the U.S. and roughly 2,000 office technology dealerships," he says. "In the end, I think the dealers are going to be the winners. They are going to create better equity events for themselves by expanding their horizons via managed services."

Those "equity events" will come with Continuum doing most of the work by way of its network operations center (NOC) and help desk. "We typically solve about 85 percent of the tickets that come our way," Schweizer says, referencing



the dealer's managed IT customer issues. "We do all of the routine heavy lifting as well, such as patching. Plus, because we're servicing millions of endpoints, we see the issues that come up well before other people see them — and we have figured out how to solve them at scale, oftentimes through automation."

The partnering dealership does play a key role. Managed IT services have to be sold, of course, and the remediation of some IT issues must be handled on-site. "The dealership will need a Level

II Engineer; you can often 'graduate' that individual from among your existing technicians," Schweizer says. "If needed, that engineer can call us for help once on-site."

The dealership will also need someone to manage the "ticketing system" inside a solution that is "IT oriented," Schweizer says, noting that this employee will be the primary contact for Continuum's NOC and help desk. "Lastly, from a sales standpoint, you need a subject-matter expert, or what we often refer to as a vCIO," he says. "When you have a minimum of these employees in place, you can have a very successful managed IT practice."

Profitability takes time. "When appropriately implemented and focused, we can get you to around a break-even point — or even a little positive — in year one," Schweizer says, noting that time will ultimately bring a recurring revenue stream, leading to a 15% or higher EBITDA on managed IT. He also emphasizes that the amount of recurring revenue is often greater than that of imaging device placements. "The average small business that engages your dealership in managed IT is going to provide you an aftermarket recurring revenue stream equivalent to 20 net-new MFPs."

Technology Assurance Group (TAG)

Some dealers have an ineffective, unprofitable managed IT services operation in place. Others are apprehensive about entering the arena, unsure about how to get started. In either case, Technology Assurance Group (TAG) can help, says Brian Suerth, TAG's president. Dealers who become "members"

of TAG can look to the company as a resource on how to — among other things — sell, price and market managed IT, and onboard customers. TAG has a number of strategic vendor partners, including Continuum and Tigerpaw Software Inc., that provide members rebates, discounts and special benefits.

“We are a training and consulting company for those who sell technology,”

Suerth says, noting that TAG helps dealerships that have already moved forward to “accelerate their businesses and become more profitable at delivering and deploying” managed IT. “For those who are only now getting into managed IT, we help with the implementation process,” he says. “The first step is, we give guidance and consultation on the technology solutions out there to build the managed IT technology stack that they are going to resell.”

TAG also provides education to help dealers understand the underlying economics of managed IT, Suerth says. “We are the only entity in the industry that has analyzed \$5 billion of financial statements over 20 years,” he says. “If we don’t have the analytics, nobody does. We provide insight into how to price their solutions and sell managed IT, and teach a multistep process designed to reach an 85% close ratio.”

In addition, Suerth says, TAG provides sales, marketing and lead-generation campaigns, as well as compensation plans and hiring assistance for both salespeople and technicians. “Our relationship is a highly interactive, very intensive engagement,” he says. “We have one-on-one, regular consultations with multiple individuals within the organization, whether they are owners or in operations or sales.”

TAG’s mission is to help dealers achieve profitability, Suerth says, noting that most dealers who have already entered managed IT are “failing” in terms of profitability. “It’s new to them,” he says. “They’re losing money on their IT business, and they’re subsidizing it with the revenue from their copier business. Within two years, we can help them get to about 20% EBITDA. We have about a half-dozen members that are at more than 30%.”

What is the “sweet spot” in terms of company size for dealers to target? Companies with between 20 and 60 employees, Suerth says. “There are hundreds of thousands of companies in that range in this country, and they’re all being serviced by MSPs or independent computer consultants — ‘one or two guys with a truck,’” he says. “So, in 100% of the interactions of acquiring new business, you’re taking somebody else’s

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— Brian Suerth
Technology Assurance Group

business away in that range. The good news is that dealerships do not have to do anything beyond going into their own customer bases, starting with the customers with which they have the best relationships. Office technology dealers have a huge advantage. They have thousands of customers versus MSPs with an average of 25. TAG has a proven track record of helping dealers

successfully market and upsell IT into their customer bases.”

Tigerpaw Software Inc.

As noted, among TAG’s strategic partners is Tigerpaw. “We’ve had a partnership with Tigerpaw for more than 20 years,” Suerth says. “The company provides the PSA [professional services automation] software that a managed services provider needs to run their business.” West McDonald, vice president of business development at Tigerpaw, acknowledges the enduring relationship: “TAG has been a Tigerpaw partner for as long as anyone here can remember.”

Such relationships — and, more specifically, “integrations” with other vendors — help to set Tigerpaw apart from others in the office technology industry, McDonald says, noting that his company’s Tigerpaw One solution integrates with Continuum’s RMM, among others. In the imaging industry, “critical integrations” are often limited to around 10 to 15, where “in the managed services world, we have hundreds,” he says. “Dealers looking to build a managed IT practice need to find a partner that is already deeply ingrained within that ecosystem.”

Tigerpaw’s heritage is in managed services. As such, the Tigerpaw One solution is designed to address the inherent characteristics of managed IT. “The way that business automation works for managed IT and other services is far different from how you manage your office equipment practice,” McDonald says. “If you’re going to do it properly, for that piece of your business, you need to work with Tigerpaw — or somebody like us — to make sure that you are managing that business correctly; everything from the CRM piece to accounting to how service tickets are generated and executed with complexities that have nothing to do with pages and everything to do with hours, remote management and parts for devices that dealers have never looked at previously.”

In the printing industry, “you have to understand certain things, such as volumes, toner levels and error-code messages in order to physically maintain devices,” McDonald

continues. “The same is true in managed IT from a services perspective, but it’s actually much more nuanced and layered. Plus, it’s a very different workflow compared to managed print; it is more complicated. The tools provided by Tigerpaw One are robustly built to handle those workflows, primarily from a management perspective.”

McDonald emphasizes that Tigerpaw provides the training dealers need to succeed in managed IT with the use of Tigerpaw One. “We invest heavily in complimentary training and human support,” he says. “In the Tigerpaw One package, all of our components are included. There is no up-selling. So, once you’re a customer, all of the training and support is included. Because Tigerpaw One is very robust, the people administering the product are going to have

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questions. They’re going to want to know how they can do certain things. We have physical teams that are dedicated to ensuring the dealer’s success.”

A dealer’s entrance into the managed IT arena will pay off, McDonald says. “If you actually work out the revenue by user in managed print, it’s about \$17 to \$24 per user every month, not including the equipment,”

he says. “In the managed IT services space, it is anywhere from \$90 to \$150 per user every month. That’s huge.” ■

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