



Press Release

Managed services sector experiencing growing pains as it matures

[London, 21 September 2015] Managed Services is now a mature business sector, although by its nature, it will continue to evolve, attract new entrants, stimulate innovations and grow as it takes over from the traditional IT industry. Further changes in the industry are required though, especially in sales approach and the way it addresses and engages with customers if it is to achieve its full potential. These were some of the conclusions from a very successful Managed Services and Hosting Summit held in London on 17 September.

One of the issues facing, what is still a very fast developing area, is customers holding back from decisions because of the pace of change - “analysis-paralysis” as one speaker put it. MSPs need to get smarter at understanding their customers and their technology needs, as well as knowing how the different users within customers respond to the use of technology.

Changes in customer buying behaviour will affect how both the new breed of managed services providers and other service providers and resellers sell their solutions. Mark Paine of Gartner used recent Gartner research to show how traditional inbound sales techniques such as telesales were giving way to better customer communications generally with a better informed customer also providing impetus to sales. He said that selling to the new type of customer would be a challenge, with some 45% of IT spend already decentralised and this percentage rising.

Fears about possible commoditisation of the sector, were quickly allayed by David Bellini, president of ConnectWise, who has been selling managed services in some form or another for 25 years. He said that he was always sure of a premium over other service providers because his people were better, could sort issues out quicker and the solution he was providing was generally more reliable. “The commoditisation scare comes round every few years, and we've seen them off each time,” he argued. But it did depend on better internal management of the managed service provider. “Everything has a ticket, including people,” he explained.

Customers' rising expectations was also an issue, he said, and in such a fast moving industry what was perhaps regarded as a special term a year or so ago can swiftly become standard. This trend is being given additional momentum by “the millennials” now in the workforce. These people expect always-on communications, constant innovation and are less keen on face-to-face engagement; even turning against voice and phone communications. As customers, they will have very different demands on

managed services from earlier generations, yet the MSPs will still need to cater for the expectations of more traditional users.

Mark Banfield, VP of International, Autotask talked about the customer experience in using technology. He cited recent Autotask research which highlighted the importance of quality of service, on time, to budget and to specification as well as the working relationship between MSPs and their customers. "And getting customers to ask you for advice, through a single point of contact," he says. "Lastly, price – which should not become an issue if you get the other things right. This works for us, we are absolutely not the cheapest in the market; we obsess about the customer experience."

There are plenty of new technologies which are starting to impact connectivity and productivity trends in the datacentre said Bob Aitchison, Sales Director, QLogic. He cited the new connectivity levels for Ethernet which will deliver not just greater speed and lower running costs, but more abilities in terms of management. The massive scale needed by cloud companies is driving the hardware market, and small changes in performance can mean very large savings at hyperscale. "We are moving to a commoditised server, generic hypervisor and some sort of storage with apps that link into common apps below them."

SolidFire CEO Dave Wright explained how his business was built specifically to work with service providers. "We sit behind many of the largest service providers in the world, with 100,000 customers. As a storage company we probably have the largest percentage in the service provider space of any storage company today. So this is an area we know a lot about, and where we work with customers to improve."

The success of the cloud in some ways causes "analysis-paralysis", however, where customers wait for the market to shake out and prices to stabilise, getting these customers to move is an issue, he said. There is a missed opportunity on differentiation - "We see that there are a lot of problems in identifying differences – in many cases customers can't do this and tend to go with brands or names they know. Many service providers are struggling with ways to stand out from the crowd, and in some ways this is limiting their success."

Nadia Karatsoreos, Community Manager, MAXfocus presented new data, collected from its customer base of some 12000 service providers worldwide. "Data is at the core, and we monitor 2 million endpoints." She outlined how a new system will support MSPs with insights into trends among users.

The clear talking point throughout the day was about growth and expansion, while it was clear that everyone regarded managed services as a sector as having arrived. As Nadia Karatsoreos said in the final debate: "It is forever evolving; we're in the middle, probably the best place possible. There is no end point, though." Also optimistic on this question was Bob Aitchison, sales director at QLogic "We are still finding customers who are just starting out on this."

The Managed Services & Hosting Summit 2015, the UK's leading managed services event for the channel, is organised by IT Europa and Angel Business Communications.

The summit was staged on 17th September 2015 at 155 Bishopsgate, London. Sponsors included: Autotask, MAXfocus, QLogic, SolidFire, Azlan, ConnectWise, Databarracks, Datto, HP, LabTech, ScienceLogic, Sunrise Software, Soonr, Tintri, Webroot, Westcoast, Bitdefender, Daegis, ManageEngine, StorageCraft, Telstra, WellData and Zycko. For further information visit: www.mshsummit.com

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