MSP vs Outsourced IT

Your guide to choosing between technology service providers

Getting started...

In the world of IT services, it is not uncommon to hear customers use the terms "Managed Service Provider (MSP)" and "Outsourced IT" interchangeably. While there is overlap between MSPs and Outsourced IT providers like Elevate, there are also key differences that make these two business types far from synonymous.

The Similarities:

Before understanding how MSPs and Outsourced IT diverge, it is first important to clarify where they are aligned. As the name signifies, MSPs "manage" technology as their primary function. Whether it is physical infrastructure (i.e. servers, computers, routers) or technology without physical substance (i.e. cloud management, applications, security software), MSPs make it their business to ensure that all the technology is running smoothly and, in the case that an issue occurs, they judge themselves based on how quickly they react to and fix the problem.
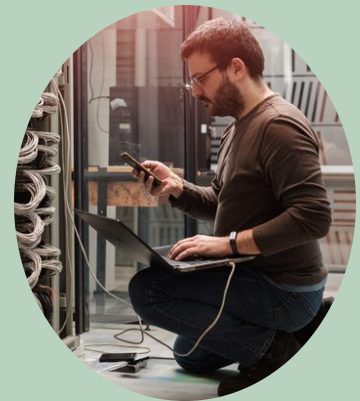
Outsourced IT will also manage the same technology that an MSP takes on. It should be standard practice for all MSPs and Outsourced IT providers to be quick and effective in their reaction to problems that arise – which is always bound to happen, even in the best-run companies.

After meeting these "table stakes" in IT services, MSPs and Outsourced IT providers like Elevate quickly divide in how they view IT and how they execute.

MSP & Outsourced IT Differences

Managed Services

How do they see tickets?

Outsourced IT

Goal is to respond quickly and effectively. Tickets are good because they prove that the MSP is important to the organization. They are able to fill their hours per month at your organization and charge you accordingly.

Goal is to respond quickly and effectively and then make sure that the same issue never happens again.

Tickets show strategic weaknesses in the IT of your business. Digging into these can expose not just individual issues, but widespread symptoms of greater problems.

Monthly Fees

Complex billing (like reading Greek). Surprise expenses. Charge for services hourly.

Simple billing (charge per user, per month). You will never have a "surprise" bill.

Reason: By charging a flat monthly fee, this gives Elevate and other Outsourced IT motivation to reduce # of tickets.

Value-Added Reseller (VAR)

Most MSPs engage in the market as VARs. What this means is that they have specific technologies that they have a partnership with and get certain benefits if their clients utilize that technology. This helps the MSP because it helps pad their bottom line, but it **can be harmful to the customer** because the MSP will often push technology that 1) the customer doesn't need or 2) isn't the best fit to meet the needs of the customer.

Elevate **never engages in incentivized reselling of technology** because we believe it compromises total objectivity when it comes to making productive and command-giving choices in the best interest of the customer. We never want to have our interests or bottom line hold sway because we consider ourselves an extension of your business and business interest.

MSP & Outsourced IT Differences (cont'd)

Reactive vs Proactive

Managed Services

While some MSPs may have pseudo-proactive practices in place, such as alerting you when your infrastructure needs updating or some security training, the business model and structure of most MSPs is built around being great at being "reactive". They wait until something breaks and **measure success as the speed to resolve**.

Outsourced IT

Being proactive is not just a plan. It's a business model. Outsourced IT is **incentivized to get ahead of problems**. Since there is a flat fee per month, there is no desire to be spending hours working on issues. Instead, outsourced IT acts as an extension of your business, constantly determining weaknesses before they rear their ugly head.

The People

With an MSP, you will have **access to "fixers"** who will have different levels of sophistication depending on the complexity of the fix at hand. These include:

- Engineers (Network, Cloud, System)
- Support Techs + Account Manager

You will usually pay a premium for the engineers and will pay a little less for technicians. Sometimes you will have an "account manager" or someone similar who will make recommendations or take the lead on projects.

Under an Outsourced IT umbrella, you will have access to a full team of IT support:

- Assigned vCIO (fractional)
- Assigned IT Director
- Engineers (Network, Cloud, System)
- Support Technicians

In short, you have everything that an MSP provides from an operational sense, including all the engineers and support technicians with the added benefit of **high level IT executives** to help strategically at either a full-time or fractional cadence depending on the needs of your specific business.

MSP & Outsourced IT Differences (cont'd)

Managed Services

What areas of IT are covered?

Outsourced IT

The "IT Universe" has 6 facets, and MSPs deal with the 3-4 that have to do with what you probably see on a daily basis:

1. **Applications** (support & development): Although this varies MSP to MSP, they will often do some level of management of your suite of applications.
2. **Operating Environment**: MSPs generally take your operating environment as is and sometimes offer recommendations for updates.
3. **User Support**: MSPs provide a help desk and other hourly support as a break-fix model.
4. **Project Initiatives**: An MSP will take on projects, usually after you bring the idea to them.

Outsourced IT also covers the 3-4 bases that a majority of MSPs take care of, with a couple of key differences: Companies like Elevate bring both ideas and potential problems to you in a proactive fashion.

Additionally, outsourced IT keys in on 2 other key aspects of the IT Universe:

1. **Policies & Procedures**
2. **Strategy & Planning**

These are both strategic areas that are often missed by MSPs. We will help your business IT reach full proficiency in more ways than just your support but also in your standards alignment, security practices, security training, and other policies for ensuring that your company maintains a positive IT track.

Wrapping up...

The true difference between Outsourced IT and MSPs can be summarized in one sentence:

"An MSP is a vendor, while Outsourced IT is your IT department."

MSPs will often take accountability for your technology and meeting the reactionary needs that come up along the way.

Outsourced IT *owns* the IT function completely. Outsourced IT groups are not mercenaries. They are ingrained at your company and dedicated (as well as incentivized) to move your company to success.

That's taking command of your IT.