



WHITEPAPER

SPECIAL EXECUTIVE REPORT

Critical Success Factors for In-House NOC and Help Desk Operations

Why your NOC and Help Desk is the key to success and survival in the managed services business

"...it costs between 4 and 10 times more to acquire a new customer than to keep an existing one."

WHY YOUR NOC AND HELP DESK ARE ABOUT TO BECOME A WHOLE LOT MORE IMPORTANT TO YOUR MANAGED SERVICES BUSINESS

Introduction

Providing NOC and help desk support services that are responsive to end customer needs while being cost effective to deliver is a key challenge faced by all managed service providers (MSPs). Surprisingly few get this part of their business right. The inevitable outcome is lower customer satisfaction, higher customer churn rates, and reduced revenues. It also means you're constantly looking for new customers in an increasingly competitive marketplace.

This special report from N-able Technologies provides an overview of the NOC and help desk in the context of sweeping changes that are transforming the managed services industry. The report provides insight to the drivers of change and why your NOC and help desk will play an increasingly important role in the success of your managed services business.

Finding new customers vs. retaining customers

Finding new customers is an imperative for any business, particularly if growth is an objective. However, keeping happy customers should be a number one priority. Industry stats and opinions vary on the cost of customer retention vs. customer acquisition. The Chartered Marketing Institute suggests that it costs between 4 and 10 times more to acquire a new customer than to keep an existing one¹.

Whether that range applies to your managed services business or not, this much is probably true: upselling and cross selling to an installed base of satisfied customers is a far easier, more cost effective, and a faster route to revenue growth than acquiring new customers.

¹ <http://www.camfoundation.com/PDF/Cost-of-customer-acquisition-vs-customer-retention.pdf>

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NOC and help desk is emerging as a key success factor

This underscores the importance of an efficient and profitable NOC and help desk for your managed service business. In addition to being an important source of recurring revenue your NOC and help desk provide an ongoing point of contact with your end customers. Ultimately it is your NOC and help desk that defines the end customer experience – and influences if not determines whether your managed services will be retained or not.

While the NOC and help desk has always been a critical part of your business, it is about to become even more important – a lot more important, if not a key success factor that will determine whether you will or can be in business five years from now. Here's why.

The managed services industry is rapidly changing

That's not a big news flash. Change is the only constant for any industry and managed services is no exception. What may surprise you is the rate and breakneck pace of change in managed services today. In our work with MSPs around the world, we see an industry that is in a state of massive upheaval and bracing for more change over the next three years than it has seen in the past 15.²

One of the big drivers of change is the entry of large, well-resourced competitors into the managed services space. We're seeing companies like Microsoft Dell and other non-traditional players including telcos and photocopier companies adding managed services with unprecedented speed to their core business. This is part of a smart, cost effective strategy to leverage existing customer relationships, expand into new markets, and generate new revenue. Why this massive convergence on managed services?

In part, it is a sign that the managed services market maturing. A bigger reason is that the managed services industry has been incredibly successful. Top tier MSPs put between 20 percent and 30 percent operating income to their bottom line. That profitability attracts a lot of attention.

The entry of these new competitors is having a profound, game changing effect on the managed services industry. At the top of the list is rapid commoditization. MSPs everywhere are having to compete increasingly on price while demonstrating breakthrough customer value. This is true for SMBs, the typical stomping grounds once owned lock-stock-and barrel by pure-play MSPs, and larger enterprise customers.

²See *How to Deal with a Perfect Storm of Disruption in the Managed Services Business*, by Mike Cullen, published by N-able Technologies, www.n-able.com

Commoditization means above all, margins in the managed services business are going to get thinner.

Profitability and competitiveness hinges on operational efficiency

Commoditization along with other sweeping changes is fast changing the face of managed services. These include Cloud Computing and the demand for Mobile Device Management (MDM) solutions, fueled by the meteoric rise in mobile devices – tablets in particular – and the adoption of Bring Your Own Device (BYOD) or augmented Corporate Owned Privately Enabled (COPE) policies.

All of these changes are putting huge pressure on MSPs to evolve and change. Commoditization means above all, margins in the managed services business are going to get thinner. There is one absolute certainty. To compete with bigger players in a fast changing marketplace, you'll need to deliver services – NOC and help desk services in particular – with greater operational efficiency than you are today.

Automation and adoption of best practices is the key

Bringing new efficiencies to existing service delivery can happen in a few ways: predominantly by automating more routine tasks and from adopting best industry practices and processes that support service delivery. In many cases, both go together like hand-and-glove: first you identify a best industry practice for a given task. Then you automate as much of that task as possible to realize optimal delivery efficiency to the end customer.

Like many things, accomplishing this is easier said than done. NOC and help desk activities are complex operations with a lot of moving parts. However, the carrot is big and the stakes are high: improved customer satisfaction levels, reduced cost of operations, more competitive pricing, scalable growth, better profitability, and ultimately improved business viability if not survival.

Options for achieving new efficiencies

You have finite options for realistically improving the operational efficiency of your NOC and help desk – and realizing these important benefits. You can outsource these critical services. You can partner. Or you can build/re-build your own NOC and help desk services using best practices and automation strategies to achieve operational excellence. While each has its pros and cons, you would be in good company with an in-house option.

According to a recent (2013) survey by MSPmentor, 83.3 percent of MSPs keep their NOC services in-house³, and 93.9 percent keep their help desk in-house. In N-able's experience, 100 percent of our top tier, elite MSPs internalize both functions.

Issues and challenges with setting up and running a NOC and help desk

While the majority of MSPs internalize their NOC and help desk; few do it well. To punctuate this, in N-able's experience, service delivery is the primary point of failure for most MSPs. The reasons vary.

...it's important to identify those metrics that really are "key" to your managed business' success.

Many MSPs try to have the same resources do double duty and service the NOC and help desk at the same time. That's a challenging strategy to implement, usually inefficient, and seldom leads to an optimal end customer experience.

While these two activities may seem similar, the reality is a NOC and help desk provides very different functions. If you think of your NOC as a smoke detector, the help desk is the fire. The explicit goal of your proactive NOC activities is to reduce the number of "fire-fighting" calls received by your help desk. The moment a call is received by your help desk, the damage has been done; the fire has started. You are now going to experience fire, water, and smoke damage from that single call.

The more proactive your NOC can be, the greater the chances of reducing "fire damage." In this way, your NOC and help desk are two complementary but different services - proactive and reactive - that provide a whole customer support solution. That's why it's very difficult for the same person - or individuals - to be responding to a help desk call and simultaneously providing proactive NOC services. Yet, we find many MSPs do exactly that.

Choosing relevant KPIs

Another common problem with in-house NOC and help desk operations is that few MSPs map key performance indicators (KPIs) to business drivers. While a NOC and help desk will have a number of potential metrics, it's important to identify those metrics that really are "key" to your managed business' success.

³MSPmentor, January 3, 2013, <http://mspmentor.net/help-desk-and-noc-services/most-msps-keep-nocs-help-desks-house-survey-results>

KPIs can cover a gamut of activities including average time to resolution per resource, per client, per day...response times... abandoned calls...number of tickets being closed...and many more. It's easy to get overwhelmed with the number of options and facets of service delivery that can be potentially measured.

Identifying relevant KPIs starts with a clear definition of operational service level needs to ensure you define KPIs that support your SLAs and valid performance goals for your managed services business. KPIs need to be identified, defined, aligned with objectives, and implemented into daily NOC and help desk operations.

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KPIs drive performance bonuses

As well, when you have proof that KPIs are driving efficiency you can build appropriate bonuses and incentives for your NOC and help desk employees that are commensurate with the value delivered. To achieve this, KPIs must be based on realistic performance goals. This also underscores why you need different personnel for your NOC and help desk operations: the KPIs and performance goals for evaluating success will be very different.

Customer site requirements

We find many of our MSPs service customers that actually cost them money. They take on any customer who is willing to pay for their managed services without doing the appropriate analysis on costs vs. revenue to provide back-end support through their NOC and help desk. They end up spending more money per month on the back-end than they generate in upfront revenue. That's bad business. The problem starts with taking on a customer without having established protocols that define the minimum customer site requirements.

Protocols are based on the specific services and SLAs you can profitably deliver within defined technical areas. Defining these protocols and minimum site requirements is critical to your profitability. If a client doesn't meet these protocols you're better off not taking on the business.

Building or revamping your in-house NOC and help desk

These and many other issues underscore just how challenging it is for any MSP to set up and operate a cost effective in-house NOC and help desk that profitably meets their business goals and the needs of their clients. Yet, given the magnitude of change and rapid commoditization of managed services, bringing new operational efficiencies to this part of your business must be a top priority - the survival of your managed services business depends on it.

To date, the options for building or revamping an operationally efficient in-house NOC and help desk have been limited. MSPs either undertake the extensive research required to document best practices and build out their NOC and help desk. Or they engage the services of specialized consultants to undertake this work for them. Given the number and complexity of strategic considerations and processes, not surprisingly the cost of both options has been prohibitively high for many MSPs. Costs for documenting all processes and methodologies can easily exceed \$75,000 depending on the scale of NOC and help desk operation.

The N-able MSP Playbook - how to set up an run a profitable in-house NOC and help desk

To address the urgent need for a more cost effective solution for building streamlined, operationally excellent back end processes N-able Technologies has spearheaded an important initiative called the MSP Playbook. This recognizes the critical and growing importance of NOC and help desk operations in our partner's success.

...the ultimate do-it-yourself reference guide for setting up and running a profitable NOC and help desk.

The MSP Playbook provides a comprehensive step-by-step road-map, from the business side of a managed service practice through to all back end operational processes, for setting-up and running a profitable in-house NOC and help desk.

Exhaustively researched the Playbook is based on best-in-industry practices, N-able's experience with over 2,500 global partners, and ITIL® standards. This unique asset provides the most detailed and cost effective option for building or revamping an operationally excellent in-house NOC and help desk operation.

The MSP Playbook is the ultimate do-it-yourself reference guide for setting up and running a profitable NOC and help desk. Arranged by category for quick reference it covers everything from infrastructure requirements of the datacenter to measuring financial performance and includes:

- Overview of a help service desk
- Responsibilities
- Overview of a NOC
 - » SLAs
 - » Services provided
 - » Notifications
- Building the NOC
 - » Data service requirements
 - » Datacenter hardware requirements
 - » Datacenter connectivity requirements
 - » Customer site requirements
- NOC and service desk processes
- Configuration, change and release management
- Daily duties of NOC and help desk personnel
 - » Client satisfaction
 - » Compensation plans
 - » Measuring NOC performance
 - » Measuring financial performance
- And more

Whether you are building an in-house NOC and help desk from the ground up or looking to incorporate new best practices into an existing operation the MSP Playbook will be invaluable.

To get more information on the N-able MSP Playbook visit www.n-able.com or call toll-free 1-877-655-4689.



ABOUT N-ABLE TECHNOLOGIES

N-able Technologies is the global leader in remote monitoring and management automation software for managed service providers and IT departments. N-able's award-winning N-central platform and complementary toolsets, backed by best-in-class business and technical services, are proven to reduce IT support costs, improve network performance and increase productivity through the proactive monitoring, management and optimization of IP-enabled devices and IT infrastructure. N-able is 100% channel-friendly and maintains operations in North America, the U.K., the Netherlands and Australia

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