



Reselling Cloud Services for Fun & Profit

The Savvy MSP's Guide to High Returns and Low Overhead in Outsourced IT Monitoring & Management

By Greg Shields

It's been said that the recent explosion in cloud services is a manifestation of IT's decelerating rate of change. Indeed, new products will always get announced and buttons and switches inside those products will forever be shifted around. But throw away all the hype and hyperbole and it's easy to see that IT's early Wild West days are behind us. Replacing them is a kind of measurable and predictable change one might expect in an industry past its infancy.

That deceleration is a good thing. As revolutionary changes are replaced by those merely evolutionary, our consumers are better able to agree on the services they need. That agreement makes it possible to smartly repackage services with the goal of selling them back at a lower cost.

“...the cloud's economies of scale needn't be profitable for only the world's largest service providers.”

As a business model, the cloud is all about economies of scale. Once providers collect enough customers together, they can begin to enjoy benefits in the aggregation: Problems become easier to troubleshoot, costs can be distributed, and time-saving automations can be integrated to mitigate the waste that otherwise plagues IT's daily operations.

That said, the cloud's economies of scale needn't be profitable for only the world's largest service providers. The big ones might win on margin, but they do so at the cost of the personal touches many clients prefer out of a trusted local or regional MSP partner.

At the end of the day, it's keeping the servers and services running that an MSP's clients ultimately care about. The savvy MSP knows it's the management platform that makes the difference, and until very recently acquiring one that best fits hasn't been an easy task. Building your own multi-tenant monitoring and management platform is a task far outside the business model of most MSPs. Creating that platform requires overwhelming time

and effort, not to mention that its construction – as opposed to its use in servicing customers – isn't likely to be a core competency for many MSPs.

Cloud Services for Cloud Service Providers

As a consequence, many service providers struggle to profitably offer services without the aid of a perfectly-suited management platform. Thankfully, it is here where cloud services again come to the rescue. This time, however, the cloud service's customer might just be a cloud service provider themselves.

Who is that both-customer-and-provider? It's you the MSP.

Let's assume that IT monitoring and management are two offerings your practice provides for its clients. In them lie the usual activities: 24x7 monitoring of client servers, services, and networks, asset inventory and configuration management, even remote control for troubleshooting with automated remediation when known problems surface.

These and other activities are common to the menu of services offered by IT's MSPs. They're also activities that can be executed atop a variety of management platforms. In all likelihood, you're probably using one today. Such platforms become a near-necessity for automating daily tasks and coordinating the activities of the consultants who manage client environments.

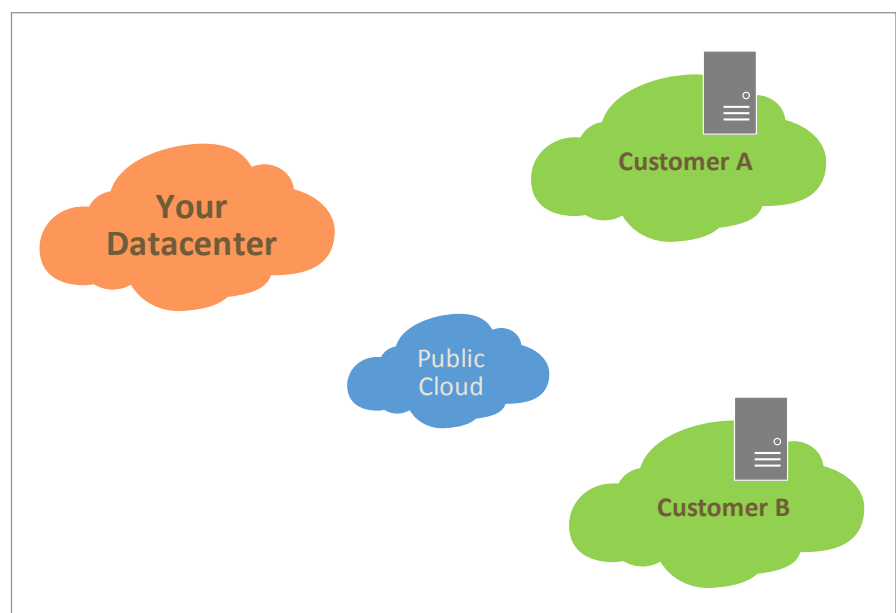


Figure 1: The On-Premise Approach Adds Cost

All management platforms, however, are not made equal. Those that leverage a more traditional on-premise architecture might work for the client, but might inadvertently add overhead to your MSP's bottom line. Figure 1 shows two customer environments in which an MSP's "traditional" on-premise management solution has been installed. In this configuration, both Customer A and B are serviced by independent hardware, software, and automations, all of which are housed inside the client's LAN.

While this configuration might seem acceptable at first blush, there's an added overhead being paid from duplication of assets. That duplication extends beyond the obvious costs in hardware and software. You and your customers also suffer from the duplication of effort that happens across each site. Runbooks and automations, software packages, monitoring and management packs, reports, all these and more must get recreated for each customer any time your platform follows Figure 1's configuration.

"Reselling Cloud Services" Merely Relocates their Position

One way to increase return starts by eliminating the overhead. An approach to do this that's been recently gaining attention leans on the cloud as the delivery platform for the services you provide.

This use of the cloud might not have been possible even just a few years ago. Not long ago the concepts surrounding cloud and cloud services often generated a visceral reaction out of many IT professionals. Their concerns of security, data ownership, and loss of control could be deal-killing issues with no acceptable resolution. Much of that initial reaction has diminished in recent years as the cloud service model keeps gathering momentum.

As more organizations have chosen to embrace the cloud's approach, more have followed. Or more simply put, the longer a cloud service exists, the more likely people are to trust it.

These cloud services now also include the specialized management and monitoring activities an MSP performs

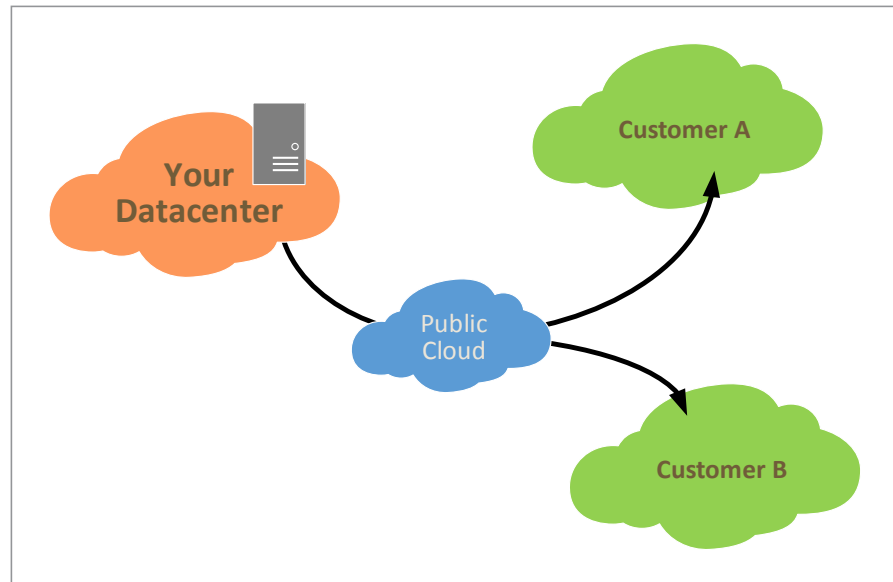


Figure 2: Management and Monitoring as a Cloud Service.

for its customers. Figure 2 shows a representation of one such architecture. In it one sees how Figure 1's segregated hardware, software, and automations have been replaced by a single, centralized infrastructure. That infrastructure integrates into each customer environment via the Internet.

"This time, however, the cloud service's customer might just be a cloud service provider themselves."

While this centralized infrastructure can be called "a cloud service" from the perspective of the customer (as your activities source from their Public Cloud), it's worth noting that this architecture is hardly bleeding-edge. In fact, many management platforms today have been designed with MSP multi-tenancy needs and customer protections in mind:

Agent communications are authenticated and encrypted with generally-accepted protocols.

The management platform is designed for multi-tenancy and protects each customer's data from the others.

Reports are available for customers to verify and validate the execution of activities.

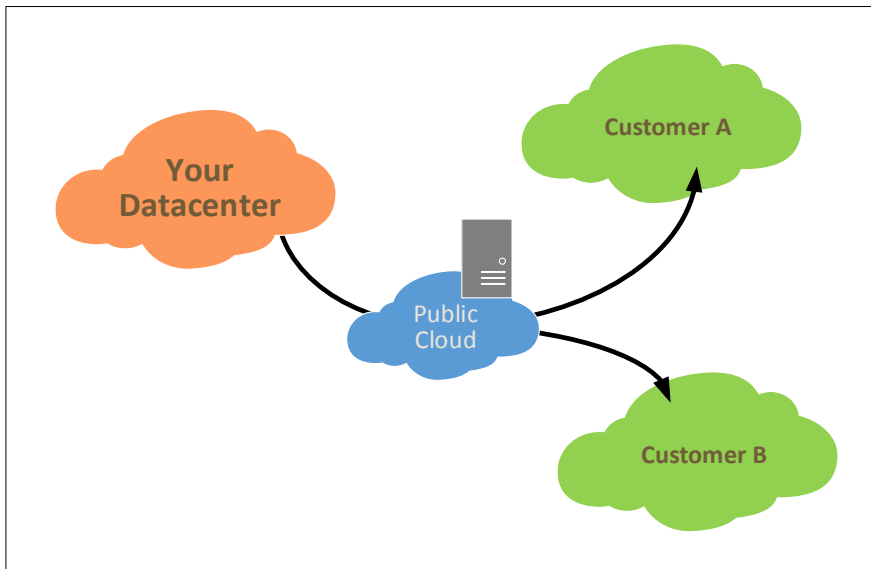


Figure 3: “Datacenter Management-as-a-Service”-as-a-Service.

the MSP’s need for their own datacenter resources. Replacing that ownership of hardware, software, and automations is a reseller-to-reseller relationship. Or, in plainer English, your MSP can use someone else’s infrastructure to manage your clients.

Figure 3 shows a graphical representation of how this relationship might look. In it, the resources used to manage your Customers A and B are no longer owned by you or housed in your datacenter. The management-as-a-service functions you offer to clients are in turn offered to you as-a-service. You manage your clients; your management platform provider manages the platform.

A further benefit of this architecture is the nature of the Public Cloud itself. By definition the Public Cloud is pervasive. Your customers can connect to just about any network, and they’re automatically on the Public Cloud – and automatically within your scope of management. This always-on approach extends your ability to provide services to just about anywhere.

In the end, your “cloud services” are in fact little more than a relocation of each client’s on-premise services. They get better service; you get lower overhead.

Reselling to Resellers: MSP Management without the MSP Datacenter

Economies of scale can work in the other direction as well, and so the everywhere-ness of cloud services makes possible a second architecture for the right combination of MSP and customer. That second architecture eliminates

“... the longer a cloud service exists, the more likely people are to trust it.”

“In the end, your “cloud services” are in fact little more than a relocation of each client’s on-premise services. They get better service; you get lower overhead.”

While this approach might not necessarily fit every provider’s and end-customer’s needs, it does offer a new approach – with a new revenue model – for the right customer and provider relationship.

For Fun and Profit, the Management Platform’s the Thing

Being an IT managed service provider isn’t the easiest business model around, but it can be fulfilling. Clients seem to always need assistance, and even a decelerating IT industry will always have new applications and services to manage. That business model can also be impressively profitable when supported by the right technologies. Today’s savvy MSP is only now beginning to realize how reselling cloud services as the management platform might just be the right approach for fun and profit. ■