The MSP’s Guide to Demonstrating Value to Customers.

Illustrating your value to earn more recurring revenue.
Table of Contents

Executive Summary .......................................................... 1
MSPs Need to Demonstrate Value ........................................ 3
The Challenge of Appropriately Demonstrating Value .............. 5
Best Practices to Demonstrate Value as an MSP ...................... 8
Solving the “Human” Problem: Value ..................................... 12
Executive Summary

MSPs are constantly looking for ways to grow their business by including more value-added services in their offering; cloud migration projects, hardware maintenance, new security services, and more. But, they often can’t equate the value the services are adding to their customers’ businesses or the value the MSPs themselves have added.

The perception of value is a decidedly human problem. As an MSP owner or service director, you’re responsible for ensuring both the technical delivery of services, as well as the customer experience where value is observed.

Value is a necessity

Almost anyone can install an application or upgrade a server. So, what is it that should make a customer stay with your business and not engage the MSP next door? If they find value to their business in the service you provide, only then will they continue the relationship.

The MSP is responsible for the customer experience where value is observed. »
Value is a challenge

Because the concept of value is subjective and multi-faceted, it becomes something that is very much customer-centric. You may find the need to demonstrate value will change from customer to customer, and what is perceived as value may also vary.

The ultimate key here? Treat every customer relationship as a partnership. Commit and invest in the customer’s success, and it will show.

Value can be demonstrated

Despite the idea of value being a bit indeterminate, it is possible to create a services business model that centers around value; a business model where the customer perceives that they are being heard and that you are continually striving to show them that you value their business.

From service level agreements, to monthly reporting, to quarterly meetings and more, MSPs have an opportunity to show their value at every turn. The trick is to incorporate value-driven best practices into your service model, so that along with every service ticket, customer call, and problem solved, there’s an intent to communicate to the customer that the work performed adds value to their business.

In this eBook, we’ll look at how MSPs can demonstrate value that their customers can appreciate. We’ll also walk through some common mistakes MSPs have made when they attempt to demonstrate value, as well as cover some best practices from the field on how to ensure value is communicated and perceived.

Demonstrating Value - Practical Insights

Throughout this eBook, look for insights from MSP practitioners who provide a view into the challenges and pitfalls they’ve experienced while attempting to demonstrate value to their customers, and learn from their first-hand advice.
MSPs Need to Demonstrate Value

Traditionally, MSPs are hired as an outsourced IT manager. Many MSPs have their origins in the common tale of an IT pro who decided to work for themselves. Even when running a much larger organization with a bench of technicians, back office employees, etc., the emphasis can be placed squarely on the delivery of those same IT services.

The recent trend of digital transformation has made businesses highly dependent on their IT infrastructures. Not only do businesses need their IT infrastructure to operate smoothly, but it can be the source of where their revenue is being transacted. Any loss of connectivity, system downtime or, worst of all, data breach, can cost the business its reputation and potentially, the business itself. MSPs need to add value beyond the traditional upkeep services, and include services that customers see as valuable.

Impact

This is, by far, the most important way MSPs can demonstrate value. If the work your team does keeps the customer operational, their employees productive, and their business profitable and evolving, the customer will see the MSP as a part of their business and not an outsourced contractor.

Service

The scope of services delivered adds to your value. If you simply manage endpoints and servers using a Remote Monitoring and Management (RMM) solution, but don’t offer backup, cybersecurity, cloud hosting, disaster recovery, and more, your MSP may be seen as lacking what’s needed to make the customer successful. Those MSPs that offer comprehensive solution sets are seen as trusted to handle anything and everything the customer needs to operate, thrive, and grow.
Pricing

Pricing is a two-edged sword; it can bite the MSP if the price is too high or low. Get it wrong either way and you immediately lose the perception of value by the customer. Your pricing needs to align with both industry trends and customer expectation.

Responsiveness

At the beginning of any business relationship, it’s all about promises; you promise to take care of the customer’s network and react to issues in a timely fashion. Top MSPs demonstrate value over time by how they respond to customer issues, requests, and changing needs.

Relationship

Value is relative. As humans, we look at something and decide if we think it has value to us. Valued MSPs are thinking about their long-term relationship with the customer, always looking for ways to show the customer they are front-of-mind and are invested in their customer’s success.

While this all seems relatively simple and, in some cases, obvious, the question remains: Why aren’t customers seeing value in their MSP? Is it because the MSP struggles to demonstrate value, or is it because the customer simply doesn’t see it?

Practical Insights - Don’t Sell Services, Sell Value

Customers don’t know a “good” MSP from a “bad” one. The game-changer is to focus on the value you bring them, instead of on the service details. Jeff Cannon, Service Manager of A+ Computers & Services says: “Don’t sell the customer on your automation and security suites. Sell them on how you can help their business grow.”

Practical Insights - It’s About Them, Not You!

MSPs need to consider customer priorities as being more important than the service delivered. Brent Fairbanks, President of Electronic and Computer Specialties Inc., says: “Keep in mind what’s important to the customer, not the MSP. Customers want to see an ROI or get peace of mind that problems will be reduced and/or eliminated.”
The Challenge of Appropriately Demonstrating Value

The work of delivering MSP services is largely a technical issue – setup a server, install an application, update patches, fix misconfigurations, etc. For every task accomplished there is a benefit to the customer, such as productive employees and smooth operations.

But the idea of demonstrating value isn’t about the server, the application, or the patch; it’s about whether the customer themselves perceives that what you’re doing is helping their business from the day you start servicing them onward.

And so, many MSPs miss the boat on demonstrating value, succumbing to several common pitfalls. These pitfalls include:

- **Overtreating a new customer** – Who doesn’t like getting a shiny, new customer? It’s always exciting to close a new contract, support a new network, meet new people, etc. You end up doing everything you can to make sure you build a solid foundation for a long-lasting relationship.

This overtreatment obviously can’t be sustained, as you need to overtreat the next new customer you have too, right? The end result is your new customers see your overtreatment as “normal”. Once the customer is fully onboarded, and face time decreases, their perception of your value-add to their business decreases, too.
• **Letting reporting go to waste** – Reports are an absolute must for MSPs to demonstrate their value, because reports do provide customers with information, insight, and visualization of both the state of their network and the work your MSP has accomplished. But often, MSPs fall into the habit of just sending reports along with the monthly bill, and let their customers interpret the report on their own, however they see fit. This goes well beyond lazy and is downright risky.

MSPs need to offer some form of explanation as to what these reports would look like if not for the work the MSP does for its customer. Without that context, customers are likely to just take the good work of the MSP for granted, therefore lessening the value you bring to their organization in their eyes. With this impression that the MSP offers less value, clients may look to end the partnership. This is why it is so key that MSPs go beyond simply sending the reports to avoid letting these reports go to waste.

• **Reporting without value** – Many MSP-focused solutions offer reporting features for MSPs to leverage. The reports may include the time spent on each trouble ticket, the resolution timeframes, the uptime of servers, and more. These reports are very useful for demonstrating work completed by MSPs, but doesn’t communicate the value that was delivered.

Often times, MSPs fall into the habit of just sending reports along with the monthly bill. Customers are left to interpret the reports as they see fit. This can have a negative impact to what the reports are created for. MSPs should ensure that the reports they are sharing articulates the value versus just the work completed. Additionally, MSPs need to develop a communication pattern with their customers where they can convey the value of their services.

• **Misalignment with customer** – A customer needs change over time. The on-premises email server you managed last year may need to switch to hosted email to accommodate their now disparate remote workforce. Offering a renewal contract or simply auto-renewing a customer without fully understanding their plan for growth and changing needs is short-sighted. The idea of adding value is not a one-time event. It’s something that’s done every time there’s a service call, meeting, or incident response over months, quarters, and years – even if your customer’s needs change over that period of time.
This misalignment occurs if your services aren’t staying a step ahead of your customers. Staying with the previous email example, if you’re not currently ready with, say, an Office 365-based offering for your customers to leverage the cloud over on-prem resources, you’re behind. Your customers need you to already be a master of the “next thing” they may want to take advantage of. Without this kind of internal MSP growth, customers begin thinking the MSP is not equipped or cannot support their growth plan.

- **Mistaking your time for value** – MSPs are internally focused on profitability as a function of technician time spent with a given customer. This thinking can often find its way to the customer, where discussions around work performed are a lot more about the time spent on projects, instead of the value those actions brought to their customer. The customer will certainly appreciate the fact that one of your techs spent 18 hours straight working on resolving a downed server, but if that server isn’t up and running after those 18 hours, the customer won’t see the value in the time spent.

From a service delivery perspective, MSPs that aren’t starting with the value, and working backwards to the service, are missing it. Everything your MSP delivers is about how the customer perceives it, rather than all the work you put into it. It’s important to not make this mistake; if you do, customers will quickly see you’re not adding value and move on.

It’s evident that a lot of the issues around demonstrating value have to do with the perspective and focus of the MSP. Value comes from **approaching your business from the customer’s side of things** – seeing it their way – and figuring out how to ensure they see that what you do actually helps move their business in a positive direction.

So, what are some of the practical ways you can demonstrate your value to your customers?
Best Practices to Demonstrate Value as an MSP

You’re not the first MSP to want to show their customers that they add value. The good news is that there are plenty of mature MSPs who have already traveled down this road and shared some of their best-kept secrets. Below are five best practices that keep your customers understanding they are important to your business and that you are diligently and continually working to add value to theirs.

1. **Schedule periodic customer meetings** – The last thing you want is for your business to be a little more than “we do the work, you write the check.” You are working to build a long-term relationship where the customer implicitly and increasingly trusts you over time as their technology needs increase further.

To do this, it’s critical that you establish a regular cadence of review meetings with each of your customers. This will likely be a quarterly meeting – a longer timeframe may have you “out of sight, out of mind.” Anything more frequent may not give you enough time to demonstrate value. Also, it’s best to have these meetings in person, when possible; pressing the flesh helps add to the human factor of your business.

The meeting itself helps push the agenda of demonstrating value, but there are a few specific goals in these meetings you want to achieve to ensure your customers feels like you are delivering.
• **Cover the Current State of the Environment** – You should provide an overview of the customers' network as it stands today, covering any issues with hardware or software (such as a server coming off warranty or software needing new licensing), problems you’re encountering in the current environment, problems experienced, and (when appropriate) how those problems were solved. Be sure to also discuss the work accomplished since the last time you met. Do this through the lens of what the state of the environment looked like in the previous meeting and how it’s changed since then. Use reporting to help customers visualize this work (more on this later). Covering the current state of the network, as it were, helps you demonstrate historical value.

• **Hear Your Customer** – Just as you are seeing issues that need to be addressed, so does your customer. It’s important, as in any relationship, to allow each side to do some of the talking. Be certain that there is an opportunity for them to discuss problems they hear from employees, shifts in their business strategy, and to generally provide feedback on what they like and don’t like about the ongoing services you’re providing. Hearing your customer’s needs demonstrates present value.

• **Discuss New Services** – Whether as a result of hearing your customer’s concerns or as part of a newly minted service offering, it’s important for you to discuss how you can continue to add value with new services. The focus of these discussions should always be on the value to your customer, based on their current needs, and not on what the service does and what it costs. Even if they don’t take you up on your offer of new services, this helps to demonstrate future value.

2. **Deliver value-driven reports** – The key phrase here is “value-driven.” This can’t be just a bunch of numbers that mean little to a customer. The goal here is to use reporting as a means to communicate your value.

For example, when providing security services, you wouldn’t show the customer a “Number of Successful Ransomware Attacks Last Month” report because the reported value is zero. Instead, you’d be wanting to show an assessment of both last month’s known vulnerabilities across the customer’s network, and this month’s report to show a comparison of how much more secure the network is, as well as to communicate the work done over the last month.
Be certain the reports presented to customers are graphical in nature; your customer isn’t an IT person, so they need to be easy to understand. A color-coded pie chart (such as the one pictured below) is a far better way to communicate the current state of security than providing long lists of all the machines that aren’t patched. Don’t make your customers work here; add value by considering what are the right value-driven reports.

Practical Insights - Don’t Leave it to the Customer to Determine Value

Only you know exactly how the work your business does will impact your customer. Don’t put the responsibility on the customer to figure out how you’re adding value. Don Ribar, CFO of Rampart Hosting, says: “Make sure clients understand what you are doing for them on a regular basis. Review it formally and don’t just assume that your clients will know what you are doing on their behalf.”

There is the question of “how many reports?” The answer lies in starting with the value you want to convey and working backwards to the reports necessary to do that. You obviously don’t want to go overboard and have 50 reports for the customer to need to look over; nor do you want just one or two. The idea here is to determine how you add value, and then have an appropriate number of reports to help communicate that.
3. **Frequently communicate with customers** – As your business evolves, it’s important to inform your customers about these changes. The focus here isn’t to “sell” them on the fact that you’re switching vendors, but to instead let them know the new vendors your working with add value to your services and, therefore, the customer.

In some cases, you can obtain content from the vendor’s partner program that can help to clearly communicate the value. This communication about changes in the way your business operates can be done as part of the periodic meetings, but this is also as good of an excuse as any to keep the lines of communication open in-between those meetings, while also building on the relationship.

4. **Treat every customer like they are new** – It’s easy to fall into the trap of assuming your existing customers are comfortable with your services and therefore don’t need as much of your time. The result for most MSPs is they, in turn, give new customers more face time to help build the relationship.

Instead, make a conscious effort to spend time with each and every customer the same. Spending quality face time (e.g., through video when conducting a remote support call) with them makes them feel like they are your only priority. In turn, this means they see that you are invested in their success.

5. **Adopt a value-centric service level agreement** – Any MSP worth their weight has an SLA, but most SLAs are very focused on the levels of services provided. Your current SLA likely has tables outlining services, response times, service coverages, etc. While those are important, shift the focus of the SLA to include content that emphasizes the value your services bring. Think of the SLA as a document that not only outlines your contractual obligations, but also helps educate the customer on how they will determine value.

The use of key performance indicators and metrics are used to measure the delivery levels that you’re promising. Think about educating the customer on why these levels are important to them and how achieving certain metrics equates to more customer uptime, user productivity, better security, etc.

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**Practical Insights - Treat the Partnership Like a Personal Relationship**

Not every interaction with the customer needs to be about business. Matt Hoffman, President of Frontline Technology LLC, suggests: “Check in with your customers at least twice a year. No motive, no upsell. Just a simple call or drop by to see how things are going.”

It’s this investing in the relationship – outside the services you provide – that can make the difference.
Solving the “Human” Problem: Value

The success or failure of an MSP doesn’t lie with whether you are the most technically proficient. Instead, it’s found in whether the customer continually sees the value in the work you do to help maintain and grow their business. The daily work of an MSP can often distract from the underlying business relationship needs customers have, but don’t know how to express. MSPs tend to “run home to momma” and use a technical solution to solve a human problem – automated reports of hours spent, tasks completed, and problems solved don’t make customers feel like you care.

It’s only in formalizing processes that ensure ongoing communication with your customer and provides a focus on how you add value to their business, that MSPs will find success.

The best practices in this eBook should be used to provide general direction to help you work towards a value-centric mindset and business practice. By incorporating these into your business model, MSPs will find themselves with customers more willing to invest in more services and stay with you for the long haul.
About Barracuda MSP

Barracuda MSP is the MSP-dedicated business unit of Barracuda Networks. Our mission is to drive the success of our IT service provider partners, delivering industry-leading security and data protection via a purpose-built MSP platform, steadfast commitment to partner success, and a wealth of channel expertise.

We believe in the managed service provider model. We understand your challenges. And, we are champions for your success.

Our Partners are also distinctly positioned to grow their recurring revenue and margins and scale their business profitably, thanks to a unique business model and MSP-friendly pricing structure.

Visit our website!

Ask us about our assessment tools that help generate demand for your services, improve your customers’ security posture over time, all while demonstrating the value of your services.

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