

# Instant replay: What I'd do differently if starting an MSP from scratch

All you experienced MSP “hands” out there—what would you do if you were starting an MSP business today? What are the key learnings you would leverage from your first time around? What would you do the same way? What would you do differently? What would be the first three things you would do on your first morning with this MSP start up? I've been thinking about the first three things on my “NEW MSP” agenda. Here they are:

## 1. Take enough time to really understand my market

Before I would decide what to sell and support at NEW MSP, and before I'd hire a single engineer or buy any monitoring/management tools, I'd take the time to really understand the customers in my target market. I'd dive deep to figure out what their needs are—and where I can add the most value.

- Start with the data I have in hand. If I were transforming an existing VAR business, I'd start by looking at the products I'm selling the most of. Lots of units sold means the potential for high-volume managed services. In addition, I'd look at where all my break-fix hours are being accrued. What technologies are giving customers the most fits? Those technologies represent low-hanging fruit for NEW MSP, an opportunity to come in and quickly start delivering improvements in service levels.
- I'd get even more data by going first person. What I have done with prior customers is only part of the story. I would set appointments to interview prospects in my target market and do face-to-face research. It doesn't cost me anything but Starbucks and gasoline. And first person contact is the best way to get executives to truly unveil their IT pain. What are they deploying internally? What cloud or SaaS services are they using? Maybe their biggest pain point is around monitoring their externally hosted platforms and services. Without that knowledge, my NEW MSP value proposition is an empty suit.

## 2. Think 80/20—Don't get spread too thin

Here's one right out of my book of rookie mistakes: In a prior life, I was part of an early stage MSP that evolved from a big VAR that resold many technologies. Our first managed services “catalog” was supporting pretty much anything that we shipped and installed—about 30 system types. We tried to help everybody with everything and you can guess the rest. A “too big” service catalog spread us way too thin. By trying to be all things to all people, we couldn't get the economies of scale on engineering and support that a well-run MSP business needs—economies of scale that drive competitive pricing and operational maturity. We would have been more profitable earlier if I'd focused on supporting a smaller set of core technologies and built monitoring depth and engineering expertise in those areas. To make sure I operate efficiently and make money faster, NEW MSP will start small and smart. If my NEW MSP is targeting SMBs, I'd analyze my ideal SMB customer's IT spend. What are they buying to run their business? I'd focus on the 80 percent of commonly deployed technologies and leave the 20 percent to someone else. What's 80 percent? Voice, data, security, Windows servers, Linux, Exchange, SharePoint, SQL Server, and Oracle internally. Maybe Salesforce.com, Amazon, and Rackspace externally. Ten to twelve supported technologies that nail the vast majority of SMB IT spend. By going narrow I can start with less and deliver more satisfaction to a greater number of customers sooner. The result: recurring revenue and net profit earlier in the plan.

### 3. Get my operations black belt onboard ASAP

With NEW MSP, there's no question who my first hire would be. I'd want my network operations leader on board to guide the build of our support framework from day one. Rather than a "white-board-only" ITIL guru, I'd want someone who's not just familiar with IT best practices, but someone who has actually run a NOC, and made ITIL principles work in the real MSP world. This is my foundational hire. This is my business partner going on the hook (with me) on the delivery of SLAs. This person will build the framework, buy the necessary tools, and hire the NOC talent necessary to keep our promises to customer number one all the way through customer number 1,000. This person is the true muscle behind our value statement that "I can manage your IT infrastructure with better availability and better economics than you can." If I couldn't afford this kind of expertise initially, I'd hire that kind of person on as a consultant to help build the operational support plan. If that isn't possible, I'd consider outsourcing my 24x7 NOC to a master MSP that shares my desire for "off-the-charts" terrific customer satisfaction. Either way, I want my IT factory up and running soon, delivering extreme availability and high-touch support right away.

### What are you up to?

To enter the market, new MSPs have a punch list hundreds of items deep. But there are a few critical moves that can get the new business off on the right foot, right away. Getting this stuff right may be the difference between becoming a market player vs. an also ran. What are your first three moves? What's on your "bar napkin" MSP business plan?

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