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BRING EVERYTHING UP TO SPEED

5 FACTORS THAT IMPACT YOUR MANAGED IT SERVICES COSTS

If you face this task: determining the cost of Managed IT services to support all your business users, it can feel overwhelming, to say the least. It's never easy to make a good decision about a product or service you may not have much experience with.

Maybe you're comfortable with business technology, but just want a clear, low-hassle answer to the question, "What will Managed IT services cost for my business?" Here at Novatech, we have managed IT networks and delivered Managed IT Services for over 28 years, and we can speak to the many ways we've seen services billed by those in our industry.

By the end of this article, you'll have a **good overview of common factors that can increase or decrease these expenses.** This will help you know what level of service you need to make the right decision, as well as save money on parts of managed IT that might not benefit you.

KNOW HOW THESE FIVE FACTORS IMPACT MANAGED IT SERVICE COSTS

With that said, let's dive into five things that impact Managed IT Service costs:

Cost Factor #1 – What's the method of IT support?
Cost Factor #2 – Service Level Agreements (SLAs)
Cost Factor #3 – How many users are supported?
Cost Factor #4 – Compliance or other special needs
Cost Factor #5 – The current state of your IT environment

COST FACTOR #1 – WHAT'S THE METHOD OF IT SUPPORT?

There are several ways for organizations to provide support IT to your employees:

- **Break-fix model**
- **In-house support specialists**
- **Managed IT Services**
- **Co-managed IT support**

The support method you choose will have the biggest impact on the costs of your IT needs.

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Break-Fix Model

The most basic way to manage IT and its associated costs is to hire someone when IT breaks, known as the **break-fix method**. Smaller companies with limited budgets often choose this approach. Break-fix can be used for IT issues you choose to pay for that are not within the scope of your managed IT costs. For example, you may have a printer or copier that needs repair, and this would fall under break-fix.

In-House Staff

Hiring your own in-house IT specialist is the next level of support. Someone decides there's justifiable need for a specialist on the team. You then hire a person with the specific task of supporting the business from an IT perspective. When you have your own specialist in-house, some of the managed IT costs could go away, but you still may want parts of your IT managed (security, asset management, email, or SharePoint builds, etc.) by a trusted partner.

Managed IT Services

The third IT support method is **hiring a business technology company** that employs a team dedicated to Managed IT services. These skilled specialists act as your IT department — a preferred method for many mid-sized companies that need more experts than they could afford on their own. The biggest companies tend to take a **hybrid approach**. They have their own IT team, plus they outsource / partner certain elements such as device management, managed security, help desk or asset tracking.

COST FACTOR #2 – SERVICE LEVEL AGREEMENTS AND MANAGED IT SERVICE COSTS

Another influence on Managed IT support costs is the Service Level Agreement (SLA) for the work to be provided. There's typically additional cost if your company needs more 24 x 7 support coverage vs routine 9 – 5 IT support.

Response time can also be an SLA factor for some IT managed services proposals. For example, will you expect a 10-minute response time? A four-hour response window or next business day? A contractual agreement requiring a 10-minute response will be far more expensive than one that allows the provider to get with you by the end of next business day.

COST FACTOR #3 – HOW MANY USERS ARE SUPPORTED?

The more business users who need technical support, the higher the IT spend generally is. It's normally more challenging to support 80 users than eight, and the costs will reflect that. Per-user support is only a direct cost if you choose a Managed IT services model. Number of users will be an indirect factor for break-fix and internal IT support.

COST FACTOR #4 – COMPLIANCE AND OTHER SPECIAL REQUESTS

For organizations with specific needs such as those in compliance-heavy industries, there can be other IT support costs associated with the budget. For example, a medical facility must protect records under stringent HIPAA regulations, and this can require special security solutions or technologies like an electronic health record (EHR) application. Even companies that aren't under tight compliance restrictions may need IT services such as encryption.

COST FACTOR #5 – CURRENT STATE OF IT IMPACTS MANAGED IT SERVICE COSTS

Imagine walking into a house that needs repair. The house may need to be gutted, or it may just need a fresh coat of paint. Now look at your IT environment in the same way. Are the computers, servers, network, firewall new or old? What email provider do you use? How fast is your internet connection? Who's your phone provider? Do you need fresh paint or a complete renovation?

There will be a baseline where most of your "stuff" can still be used (hopefully), but some items will need attention right away. That might be for IT support reasons (for example, Windows 7 support going away) or for security reasons (the computer has some form of malware on it that needs to be cleaned out and fixed.)

Other examples could be seeing if the computers are patched frequently and correctly with the latest security patches, or the copier firmware isn't up to date. You may also have old computers or systems that should be upgraded because they're past their useful life.

The better your current system runs, the less likely the cost impact of Managed IT will be a big burden. If you're on this page because you're frustrated, and your stuff is constantly breaking, then you may want to prepare yourself. **The state of your current IT could play a bigger role in your costs.**

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OTHER FACTORS THAT DRIVE MANAGED IT SERVICES PRICING

Certain other conditions will also either drive up the cost of your IT services or push them down. Since Managed IT is a fixed-cost plan, this may seem counterintuitive, but it has more to do with services being added, not hidden costs.

Examples of added services that contribute to IT package pricing:

- Unified communications (UCaaS) – phone services
- Managed Print Services (MPS)
- Copiers or multi-function devices (MFDs)
- Data backup and recovery
- Penetration testing
- One-off services like device monitoring or asset management for enterprises with their own IT teams (very different service pricing than what's covered in this article)

Each of these may bring an additional cost, and **each has their own variables.** This is why Managed IT pricing can be more confusing but must go beyond simply throwing out a number. There should always be a conversation with your technology partner about exactly what's covered before the provider can explain what it costs.

WHAT CAN YOU DO NEXT ABOUT MANAGED IT COSTS?

We've gone over several conditions that affect Managed IT services costs. Costs generally run around $125 per user per month for a standard contract, but every contract is different and has its own unique requirements like what we covered above.

If you get a quote for $75 a month or on the other extreme, say $300 a month per user, you may want to consider looking elsewhere or getting competitive quotes to make sure your pricing falls in line with other vendors.

Novatech feels strongly that **buyers deserve to understand the Managed IT industry** as a whole before we ever talk about our own solutions. Why? We're not for everyone, and we don't want to lead anyone into a bad strategy.

This article may feel like drinking water from a firehose, but you're not in it alone. In fact, after reading this short guide, you may find you can support your IT requirements better than an outside vendor. That's great, too, **as long as problems get solved.** Ultimately, our passion is to connect you to the best solution out there, even if it's not ours.

TAKE A BREATH. WE CAN DO IT.

Understanding the costs associated with IT support can be challenging, and every business is different, further complicating things. That's why a Managed Services partner often makes a better choice, because we've helped many businesses through the process. If you have questions about your journey, **use the form on this page to connect.**

You may also want to see these resources:

- What is IT Outsourcing?
- 7 Benefits of Managed IT Services
- SMB IT Pain Points Are Imperative to Address. Konica Minolta and Novatech Help Alleviate that Pain