MSPs IN THE DIGITAL AGE:

UNLOCKING THE POTENTIAL OF XLA

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What is a Managed Service Provider? (MSP)

As the world modernises, businesses are becoming more and more reliant on technology. With the evolution of new platforms and the increased popularity of remote working, it's more important than ever for businesses to always have their IT secure and functional. Managed Services Providers (MSPs) have become an increasingly popular method of keeping businesses protected.

There are many reasons why a business may choose to partner with an MSP:

Companies may not have the capacity or budget to have a fully skilled IT team always on site to resolve technical issues.

They may have experienced data loss or other problems due to a lack of cybersecurity abilities.

They may have too many outages or downtime for their internal IT teams to handle on their own.

Outsourcing IT services to a third party can help to make operations more efficient, cut overall expenses and allow internal teams to prioritise other areas of the business where they are needed.

According to research done by Forbes in 2020, 84% of global executives surveyed had initiated discussions, conducted pilots, or implemented at least some disruptive outsourcing solutions to drive competitive advantage.

The Changing Landscape of MSPs

Service level agreements (SLAs) are important in the managed services industry because they establish clear expectations for the level of service a provider will deliver to a customer. SLAs typically include metrics for uptime, response times, and resolution times, and may also include penalties for failing to meet these metrics. This helps ensure that customers receive the service they expect and that providers are held accountable for their performance.

The managed services industry is currently in a state of rapid growth. As more businesses move their operations to the cloud and adopt digital technologies, the demand for managed services is increasing. This is leading to more providers entering the market and more competition among existing providers. Additionally, the COVID-19 pandemic has accelerated this trend as many companies are looking to managed services providers to help them navigate the shift to remote work and support their digital transformation efforts.

The managed services industry is currently evolving in several ways, including the rise of new technologies and trends such as cloud computing and IoT.

Cloud Computing

Cloud computing is becoming increasingly important in the managed services industry, as more businesses are moving their operations to the cloud. This is leading to a greater demand for managed services that can help businesses with cloud migration, cloud security, and cloud management. Managed service providers (MSPs) are offering services to support their clients with cloud infrastructure, software as a service (SaaS) and platform as a service (PaaS) offerings.

IoT is another trend that is driving the evolution of the managed services industry. IoT devices are becoming more prevalent in businesses, and they are generating large amounts of data that need to be managed and analysed. MSPs are offering services that can help businesses manage and make sense of this data, such as data analytics and visualization services.

Internet of Things (IoT)

Artificial Intelligence (AI)

Another trend that is affecting the managed services industry is the increasing use of artificial intelligence (AI) and machine learning. MSPs are using these technologies to automate their operations and improve the services they provide. This include using AI to monitor, analyse, and predict system behaviour and using machine learning to anticipate and proactively resolve issues.

With the growing number of cyber–attacks, the importance of cybersecurity is increasing. MSPs are offering security services such as threat monitoring, incident response, penetration testing, and vulnerability scanning to help businesses protect against cyber threats.

Cybersecurity

With the COVID-19 pandemic, remote support has become a critical service for businesses. MSPs are offering remote support services that enable their customers to continue to operate their business remotely, including remote access, troubleshooting and management services.

Remote Support

Automation

Automation is a key trend that is affecting the managed services industry. MSPs are automating many of their processes, such as patch management, backups, and monitoring, to improve efficiency, and reduce costs.

Overall, the managed services industry is evolving to meet the changing needs of businesses, and MSPs are adapting by offering new services and technologies such as cloud computing, IoT, AI and machine learning, cybersecurity, remote support and automation.

How Are MSPs Adapting to the New Environment?

MSPs are using various strategies to adapt to the changing landscape and improve the quality and reliability of their services. One key strategy is the use of automation, which allows MSPs to automate repetitive and time-consuming tasks, such as software updates and backups. This not only increases efficiency and reduces the risk of errors, but it also frees up valuable resources that can be used to focus on more complex and strategic initiatives.

Another strategy that MSPs are using is analytics, which allows them to gain deeper insights into their customers' IT environments and identify trends and patterns that can be used to optimize performance and improve security. This can be achieved through the use of advanced analytics tools, such as machine learning and artificial intelligence, which can automatically analyse large amounts of data and identify potential issues before they become critical.

Finally, MSPs are also looking at new and innovative ways to deliver their services, such as through the use of chatbots, and mobile apps. This allows customers to access their services and receive support in a more convenient and user-friendly manner.

Measuring Quality and Service Delivery with Frameworks

For a long time, the main way companies ensured they were getting a high-quality service from their MSP was through service level agreements (SLAs). An SLA is a set of criteria that the MSP must meet so that their client knows they are meeting the requirements of the contract.

There are three types of SLA frameworks businesses can choose from:

Service-Based SLA: This is where each service offered by the MSP has their own fixed SLA parameters. They are not tailored to the customer's needs and each service has its own properties predesigned.

Customer-Based SLA: A customer-based SLA is the opposite of a service-based SLA. This is where each service's SLAs are tailored to the customer's needs and are signed off by both parties when the contract is signed.

Multi-Level SLA: For a more detailed framework, the customer can use a multi-level SLAs to have different requirements at different levels. The levels are broken down into:

Corporate Level: Includes all relevant aspects of the agreement and is suitable for everyone in the company.
Customer Level: Addresses all service issues for a specified group of customers.
Service Level: Addresses aspects that are applicable to a specific service for a specified group of customers.

When designing an SLA framework, it's important to consider what criteria the MSP will be monitored on. Some of the main components of an SLA include:
- Accuracy: A measure of quality for the service completed. The end user will determine if the service was carried out correctly and met the specifications in the contract.
- Responsiveness of Service: A measure of how quickly the service was carried out based on an assigned priority level.
- Availability: A measure of whether the MSP is available to respond when it is called on by the client.
- Reliability: A measure of consistency of the MSP's quality.

The MSP must strive to fulfil all the criteria in the SLA or else they may incur penalties or their service may be terminated.

Emergence of eXperience Level Agreements (XLA)

While SLAs have long been used to assess the quality of an MSP, in more recent years many companies have switched to a new style of monitoring quality, known as an e**X**perience Level Agreement (often called XLA).

Rather than assessing the MSP's quality based on objective metrics they have monitored, an XLA is a measure of the customer's experience dealing with the MSP. This helps to deal with what is known as "The Watermelon Effect". In short, the watermelon effect is what happens when employees dare not tell management what they really think and how it really goes. Instead, they colour all the measurements green, thus it meets the MSP's goals to so everything is green on the outside, but the end user experience has been terrible, and so everything is red underneath.

By using XLAs to assess quality, MSPs can ensure that the end user is fully satisfied with the service they have delivered.

SLA & XLA – A Hybrid Future

Measuring XLAs can be tricky since feedback for a service can vary from person to person, even within the same company. MSPs are mainly looking for a few key indicators to determine whether the end user was satisfied with the service provided.

One thing that should clearly be understood by the MSP is what objective the customer is trying to achieve. This means there is a clear understanding between the parties and will help to make sure the task is completed to the highest standard without any shortfalls in what was expected. The MSP should also understand the benefits the customer wants to experience from their partnership. There's no point in an MSP doing their work if the customer has to call them back a month later for the exact same problem. This would be a poor customer experience (CX) and would reflect badly on the XLA.

Many customers are also looking for responsive and knowledgeable partners. When an employee from the MSP is sent to the client's site, it is expected that they behave professionally and know exactly what their aims are. Customers are also looking for a friendly and open person who can answer any of their questions, for example, about why and how problems may occur. This would contribute towards a positive CX.

When a service has been completed, most MSPs will ask the customer to give them a score, usually a star score from 1 to 5 based on CX. This helps the MSP to know what is expected of them for next time and more importantly gives them an idea of how the end user feels about their service currently provided.

Another way to measure XLAs is through Net Promoter Score (NPS). This is a survey down by clients which asks them how likely they are to recommend a service on a scale from 1 to 10. Obviously having a high NPS for an MSP is critical to their success as it shows they are trustworthy and reliable to others.

Similarly, XLAs can be measured through Customer Effort Score (CES) and Customer Satisfaction Score (CSAT). The CES is usually measured on a scale of 1 to 5 or 1 to 7 and demonstrates how much effort a customer had to go through before their problem was resolved to their satisfaction. A CSAT is usually measured from 1 to 5 and shows how satisfied a customer was with a specific service provided.

Customer Experience Is Not a Fixed Value: The key to making successful XLAs is that they must be continuously adapted, changed, and tracked, not left as a fixed set of metrics. Experience means something different to each customer and understanding the customer's needs in advance is extremely important.

XLAs Are Not a Replacement for SLAs: It's important to remember that you should not be replacing SLAs for XLAs; they work alongside each other. XLAs act as an extension to your existing KPIs for SLAs and help to illustrate where a service might not be as perfect as your KPIs show.

User Engagement: XLAs rely on user participation to establish a baseline for improvement. Low user engagement with IT services can be a problem, so actively involving users in the model and incorporating it into a wider user engagement and adoption program is crucial for success.

Remember That the Process Takes Time: Ensure that you properly manage organizational change to introduce end-users to the shift towards XLAs. This process takes time, so plan accordingly for the transition phase.

Advantages & Disadvantages of Using XLA

With many MSPs switching to an XLA approach to monitoring quality, it's important to understand both the benefits and the downsides to using XLA. Remember that process takes time to ensure that you properly manage organizational change to introduce end-users to the shift towards XLAs. This process takes require extensive planning for the transition phase.

Benefits of Using XLA	Disadvantages of Using XLA
Measures the Value of the Service Desk: Measuring the value of the Service Desk through XLAs allows for a shift in focus from the traditional SLAs to a more business-centric perspective. Instead of measuring the number of tickets solved, XLAs focus on understanding the reasons behind the tickets and identifying pain points in the employee experience that need improvement. By addressing these pain points, it leads to a higher number of end-users reporting satisfaction with the service and increased efficiency, which can be used to demonstrate the impact of IT on the business value.	**Customer Experience Is Subjective**: Measuring CX through XLAs can be challenging as it can be hard to understand exactly how the client wants the service to be delivered. One negative experience can lead to a permanent negative perception, which can be difficult to change. For example, if a customer has an encounter with a rude support staff, the customer's perception of the company may be negatively affected permanently. This can lead to a lot of effort required on the part of the company to change the customer's perception.
Boosts Co-Operation: Collecting thousands of end-users' feedback and comments through XLAs provides data that can be trusted. End-users can honestly communicate what works and what doesn't, allowing everyone to focus on the right problems and not be reliant on giving priority to whoever is shouting the loudest. Sharing this data and being transparent with it is key to building co-operation between IT and the business	**Feedback May Be Skewed**: It can be hard to collect feedback from everyone the MSP has worked with and people are less likely to take time out of their day to give positive feedback. As a result, the MSP may receive far more negative feedback which skews their XLA monitoring. Furthermore, the lack of feedback from users who are satisfied with the service may lead to an incomplete understanding of the CX.
Keeps the Service Desk Team Motivated: Measuring the Service Desk's performance through XLAs can lead to increased motivation for the team. Instead of being measured on the number of tickets closed per hour, which can lead to rushing cases and not delivering a great service experience, Service Desk personnel are measured on how they have helped people and improved their day. This leads to a more positive and fulfilling work experience for the team.	**Customer Experience Requires Context to Understand:** It can be hard to get a clear picture of why certain ratings are the way that they are if the reviewers don't add context. This can lead to confusion and lack of understanding of the actual CX. It means that monitoring XLA agreements accurately depends partly on how much context the clients are willing to provide when giving feedback.

MSP Market Trends

As time goes on, the managed services market continues to grow and more companies are turning to MSPs for help than ever before. As the demand for managed services increases, innovation in the industry also grows. Here are some of the focuses that MSPs are starting to focus more on in recent years and will likely continue to explore in the years to come:

Cloud services: The use of cloud services is increasing among businesses of all sizes, and MSPs are increasingly offering cloud-based solutions, such as cloud storage, backup, and disaster recovery services. A Forbes survey predicted that by 2024, more than 50% of cloud deals will include app development and managed services.

Artificial Intelligence and Automation: MSPs are increasingly using artificial intelligence (AI) and automation to improve the efficiency and effectiveness of their services, such as predictive maintenance, and automated problem resolution.

Cybersecurity: Cybersecurity is a growing concern for businesses, and MSPs are increasingly offering advanced security solutions and services to help protect their clients' networks and data. In particular, there has been an emergence in AI-based security solutions. These are cybersecurity tools that use AI and machine learning systems to improve the accuracy and efficiency of security operations.

IoT and Industry 4.0: The Internet of Things (IoT) is becoming an important trend among MSPs, as it allows them to monitor and manage a wide range of devices, and Industry 4.0 is also driving the demand for MSPs that can manage and monitor specialized equipment and devices for manufacturing, healthcare and other industries.

XaaS (Anything as a Service): XaaS is a model that provides access to IT services and products on a subscription or pay-per-use basis which enables clients to use what they need, on-demand paying only for what is used. This is a big benefit to most organisations as it reduces the need to purchase and maintain expensive IT infrastructure and equipment. XaaS can help businesses to become more agile and responsive to changing business needs and therefore is an integral part of any digital roadmap.

Sustainable IT: As part of a business's corporate social responsibility (CSR) strategy, a commitment to sustainable IT systems have been on the radar for a while. Now it's the norm the have sustainable business goals and it be part of a digital strategy and this focus will increase as pressure from business stakeholders intensifies.

10 Questions to ask your Service Provider

1. What services do they offer and how do they align with your business needs?

2. What is their experience and expertise in your industry?

3. How do they handle data security and privacy?

4. What is their process for handling support requests and resolving issues?

5. What is their SLA (Service Level Agreement) and how do they guarantee uptime?

6. How do they handle disaster recovery and business continuity?

7. What is their policy for software and hardware upgrades?

8. How do they communicate with clients and provide regular updates on project progress?

9. What is their pricing model and how do they handle changes or additions to the services offered?

10. What is their track record for customer satisfaction and can they provide references?

5 mistakes to avoid before outsourcing to MSPs

Not fully understanding the services offered:

Before outsourcing, make sure you have a clear understanding of the services being offered and how they align with your business needs.

Neglecting security and privacy:

Make sure the managed service provider has robust security and privacy measures in place to protect your data and intellectual property.

Failing to establish clear communication:

Establish clear lines of communication with the managed service provider to ensure that your business needs and expectations are met.

Not having a clearly defined SLA:

A Service Level Agreement (SLA) should clearly outline the responsibilities and expectations of both parties, to avoid any misunderstandings or disputes down the line.

Not conducting due diligence on the provider:

Do your research and due diligence on the managed service provider, including checking references and looking at their track record, to ensure that they are a good fit for your business.

Conclusion

In conclusion, Service Level Agreements (SLAs) are a critical component in the managed services industry, as they establish clear expectations and hold service providers accountable for their performance. As businesses continue to move their operations to the cloud and adopt new technologies, the demand for managed services is increasing, leading to more providers entering the market and more competition among existing providers. The COVID-19 pandemic has also accelerated this trend, with many companies seeking the help of managed services providers to navigate the shift to remote work and support their digital transformation efforts.

The key components of a typical SLA include service availability, response time, resolution time, performance metrics, penalties, service credits, service scope, service level objectives, notification and reporting, and contact information. These elements help to ensure that customers receive the service they expect and that providers are held to a high standard of performance.

The managed services industry is rapidly evolving, with new technologies and trends such as cloud computing, IoT, and AI driving the evolution of the industry. MSPs are offering services to support their clients with cloud infrastructure, software as a service (SaaS) and platform as a service (PaaS) offerings, data analytics and visualization services, and more. This is why SLAs are more important than ever, as they provide a clear understanding of the level of service customers can expect, and the penalties for not meeting those standards.

In summary, SLAs are an essential tool for ensuring successful managed services relationships between providers and customers. They help to establish clear expectations and hold providers accountable for their performance, which is crucial in a rapidly evolving industry. By having a well-defined SLA in place, businesses can have peace of mind knowing that they will receive the level of service they expect and that the provider will be held to a high standard of performance. The SLAs can be a win-win situation for both provider and customer.

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