

Do Managed Services Really Save Money?

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Cost savings always comes up as one of the main selling points of cloud computing. It is also one of the most compelling reasons for businesses to hire managed services providers (MSPs).

How much of a beneficial impact cloud services will actually have on IT budgets remains to be seen. The expectation of long-term savings is certainly reasonable, but depending on which iteration of the cloud a business adopts, an upfront investment may be necessary. That is certainly the case with private cloud implementations that require the deployment of a hardware stack. Of course, a lot of cloud services work on a pay-as-you-go model without upfront expenses.

When it comes to managed services, however, you could say the jury on cost savings is in. Close to 100 percent of end user organizations polled earlier this year indicated they have enjoyed substantial IT budget reductions as a direct result of working with MSPs.

A Computing Technology Industry Association poll of 400 IT and business professionals in June found that 46 percent of organizations that rely on MSPs for some or all of their IT needs say they have reduced annual IT budgets by at least 25 percent as a result of adopting managed services. Those respondents include 13 percent who estimated their savings at 50 percent or more. Another 50 percent of poll participants said they have cut annual IT costs by 1 percent to 24 percent.

That is a whopping 96 percent of respondents saying managed services save them money.

If any skeptics are left out there, you'd have to admit this is pretty good evidence the managed services model makes budgetary sense. For their part, MSPs that still face resistance from client prospects can use these statistics to back up their cost-saving promises.

Add to those promises the prospect of reducing downtime to an absolute minimum through remote monitoring and management, and it's hard to imagine that too many customers will continue to resist this approach.

They shouldn't, especially when you throw another significant statistic at them: The CompTIA survey found that 89 percent of current managed services users are very, or mostly, satisfied with their experience, citing uptime, security, agreeable contract terms and flexibility as reasons for their satisfaction.

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