



How MSPs can use
performance monitoring to
create new revenue streams

Introduction

Today's managed service providers (MSPs) face the common challenge of needing to grow revenue and reduce costs. Unlike other environments in which IT represents a business expense, MSPs make money by delivering managed IT services. This gives them a unique set of IT challenges and opportunities — including the chance to create additional revenue.

Currently, most MSPs focus on fault management. However, this white paper will explain how MSPs can use performance monitoring to differentiate their offerings and beat out the competition. It will cover the components of a tiered service offering approach that accommodates various target customers, from those who need a basic service to those looking to address more advanced technology trends.

Customers who select MSPs to provide services typically fall into two categories:

Group 1

They lack the internal IT resources or skills to effectively manage and monitor their infrastructure and decide they want to turn it over to the “experts.” Their buying criteria centers around price and ability to offload IT risk to the MSP.

Group 2

They need a more advanced solution and want to find outside expertise to address a challenge they're not equipped to deal with internally. They realize that their competitive advantage stems from focusing on key assets such as people, process and innovation. They typically don't believe IT management represents a way for them to dominate their market segment. Their buying criteria include things such as capacity planning services, traffic analysis, response time measurements and customized solutions. They also require proactive alerting, advanced reporting, self-service reporting and support for new technologies.

Clearly, these two groups approach their MSP relationships from different perspectives. One wants to offload a noncore function of the IT department. The other wants an expert to address challenges that have pushed the IT organization beyond its skill set.



So, how do MSPs address both markets? The answer lies in tiered service offerings that meet the needs of both groups of customers. The chart below provides sample tiers along with the benefits for each new level of service.

Level of service	Service offerings
Basic	– Fixed Simple Network Management Protocol (SNMP)-based performance monitoring dashboards – Usage reports — most utilized interfaces, servers – Real-time alerts – Voice over Internet Protocol (VoIP) performance monitoring
Essential	All basic tier services plus: – More advanced, customized report templates for infrastructure components – Traffic monitoring through flow data – Cloud-based application and resource monitoring – Capacity planning reports – Rapid SNMP certification of new devices
Advanced	All basic and essential tier services plus: – Dashboards for customer-specific services monitoring – Color-coded status maps based on application or service topologies – Portal and platform integrations – Dedicated engineer to monitor and analyze all infrastructure performance data, including log data

Growing revenue with a competitive service catalog

To grow revenue, MSPs can win new customers or add on services to existing customers. To win new customers, they need a cost-effective basic service offering and a solution for customers looking for more advanced and customized offerings.

Though most MSPs understand how to win new bids, few understand how to tier services to lead customers on the path to more complete utilization of their services. Next we'll discuss four core components of any managed service offering — reporting, alerting, server monitoring and network device monitoring — along with the different offerings for each level offered, for example, by [IBM® SevOne® Network Performance Management \(NPM\)](#). This illustrates how attracting customers with a lower-level (basic) offering can lead to additional revenue from more advanced levels.



Reporting

Basic

Static dashboards show historical performance data. Historical reports may include 7–30 days of data.

Essential

Real-time dashboards that update every minute provide granular data and high levels of reporting that reduce customer visibility gaps. Historical reports include 6 months of as-pollled data.

Advanced

This level of reporting includes the ability for customers to build their own views, manipulate report templates, save favorite dashboards and create customized views. Historical reports include up to 12 months of as-pollled data.

By exposing customers to these additional reports on their portal, MSPs can drive market demand for additional services that are not included in their basic service plan.

Popular reports to include:

- Overview reports for networks, servers and virtual machines (VMs)
- Wide area network (WAN) utilization, including NetFlow for traffic analysis
- Protocols in use over the WAN
- Status availability reports
- Application response time reports
- Site-to-site response time using Cisco IPSLA tests

Alerting

Basic

Basic notification of performance events within 30–60 minutes of occurrence

Essential

Notification within 15 minutes of a performance event

Advanced

Notification through threshold-based alerts before a performance event occurs

Server and host monitoring

Basic

Includes SNMP support, basic up/down monitoring, CPU utilization reports, Internet Control Message Protocol (ICMP) support

Essential

Includes process monitoring, Domain Name System (DNS) monitoring, HTTP response monitoring, and capacity reports for understanding future utilization levels

Advanced

Includes virtual machine discovery with API connection to VMware vCenter, JMX monitoring for Java hosts, and Windows Management Instrumentation (WMI) support for Microsoft Windows hosts

Network and data center device monitoring

Basic

Includes availability reports; SNMP support, 2–4 key performance indicators (KPIs) per device; simple up/down ICMP support

Essential

Includes automatic baselining and NetFlow supported for traffic analysis

Advanced

Includes unlimited KPIs per device and IPSLA support for response time

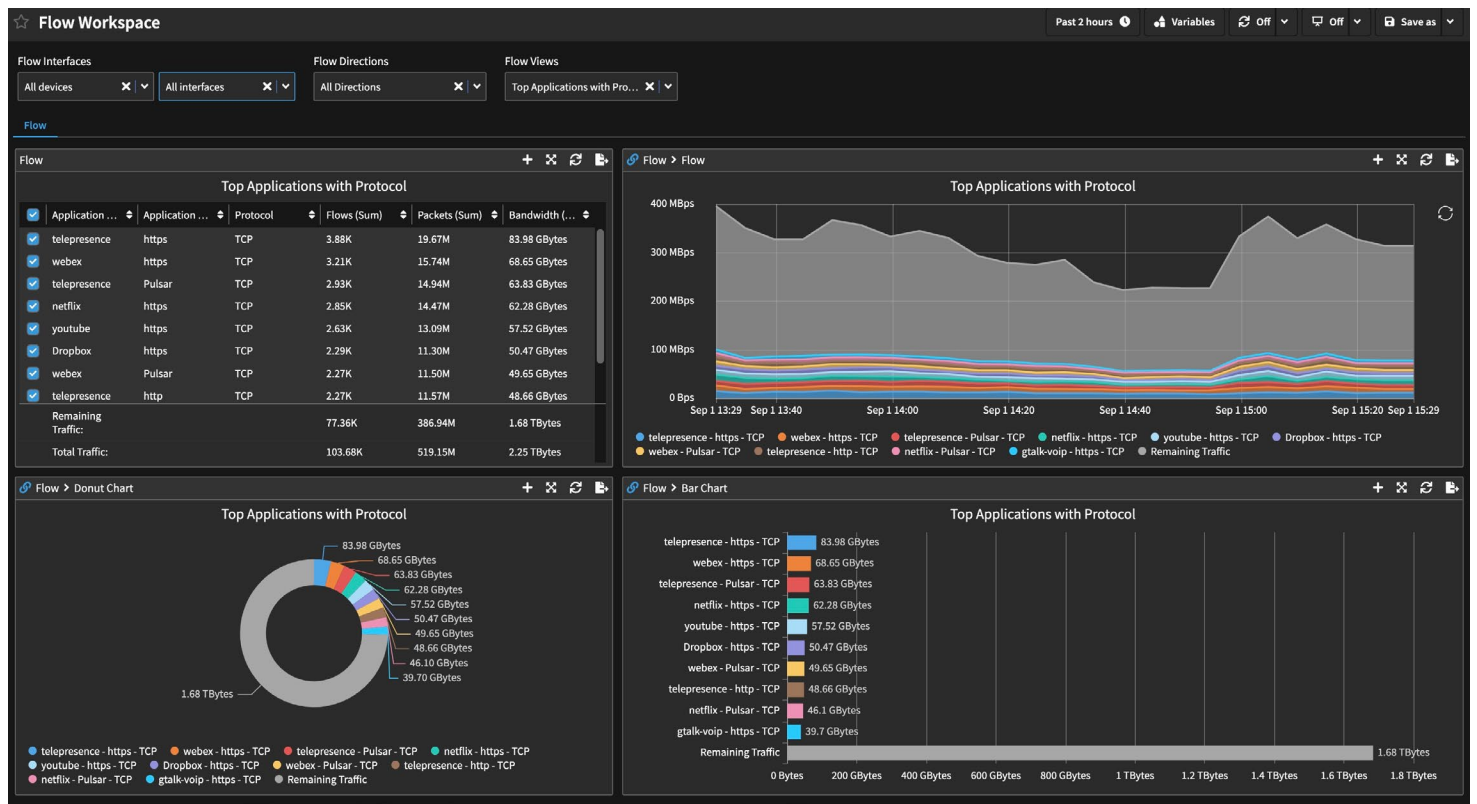


Figure 1. NetFlow reports can help you understand application usage across your network.

Additional ways to grow revenue

MSPs can attract customers looking to address their toughest and most complex IT challenges by offering the following services:

Custom reporting

Custom reports based on customer-supplied parameters provide a step up from the canned usage reports in a basic level. For example, maybe the manager of a network operations center wants to see data on a few specific elements, while an executive wants data that reflects a specific time period. Whatever the situation, with a performance management tool that makes it easy to set report parameters, MSPs can offer custom reporting services to customers.

Advanced traffic monitoring

Performance monitoring solutions provide information on the makeup of traffic traversing critical network links with no need for probes. Using technologies such as NetFlow, they help customers understand how applications are using the network and enable them to locate and manage bandwidth hogs. Other performance data collection technologies, including IPFIX, sFlow and Juniper J-Flow, add to the mix. Extending these capabilities to customers gives them valuable information about their users and applications, peak usage periods, traffic patterns and more.



Figure 2. Capacity planning reports can help you forecast expected resource utilization and exhaustion.

Capacity planning for resource utilization planning

Any performance monitoring platforms that can baseline historical performance should also provide a view of what to expect in the future. Numeric and graphic capacity projections can show customers where KPIs will be in the future. This data helps avoid bottlenecks by allowing sufficient time to provision more bandwidth or deploy more virtual hosts to address utilization needs.

Capacity planning data export

Performance monitoring solutions collect all sorts of data that's valuable for capacity planning. This presents an opportunity for MSPs to enable the export of such data so that customers can import it into their enterprise resource planning (ERP) systems or other analytic engines. Enabling customers to budget and plan how much capacity they need will not only make them happier but may lead to additional business as well.

Rapid SNMP certifications

Networks constantly change, and customers often ask their MSP to support new devices, including routers, switches, load balancers, DNS servers and more. However, to effectively monitor any device, the MSP must certify the management information base (MIB) for SNMP monitoring. A good performance monitoring platform vendor will provide rapid device certification along with an object editor that allows the MSP to import definitions for new MIBs and perform its own MIB management. This enables MSPs to then provide MIB certification as a professional service to customers.

Monitoring for critical services

Customers sometimes want to monitor critical applications or services as a whole, meaning they want to monitor all the components that play a role in delivering the service. MSPs can put together custom monitoring services that deliver just that. Perhaps it's the service that delivers the most revenue for a company, or maybe it's an application that employees or customers can't be without. Either way, with a customized service, MSP customers can see at a glance if there's an issue and take steps to correct it.

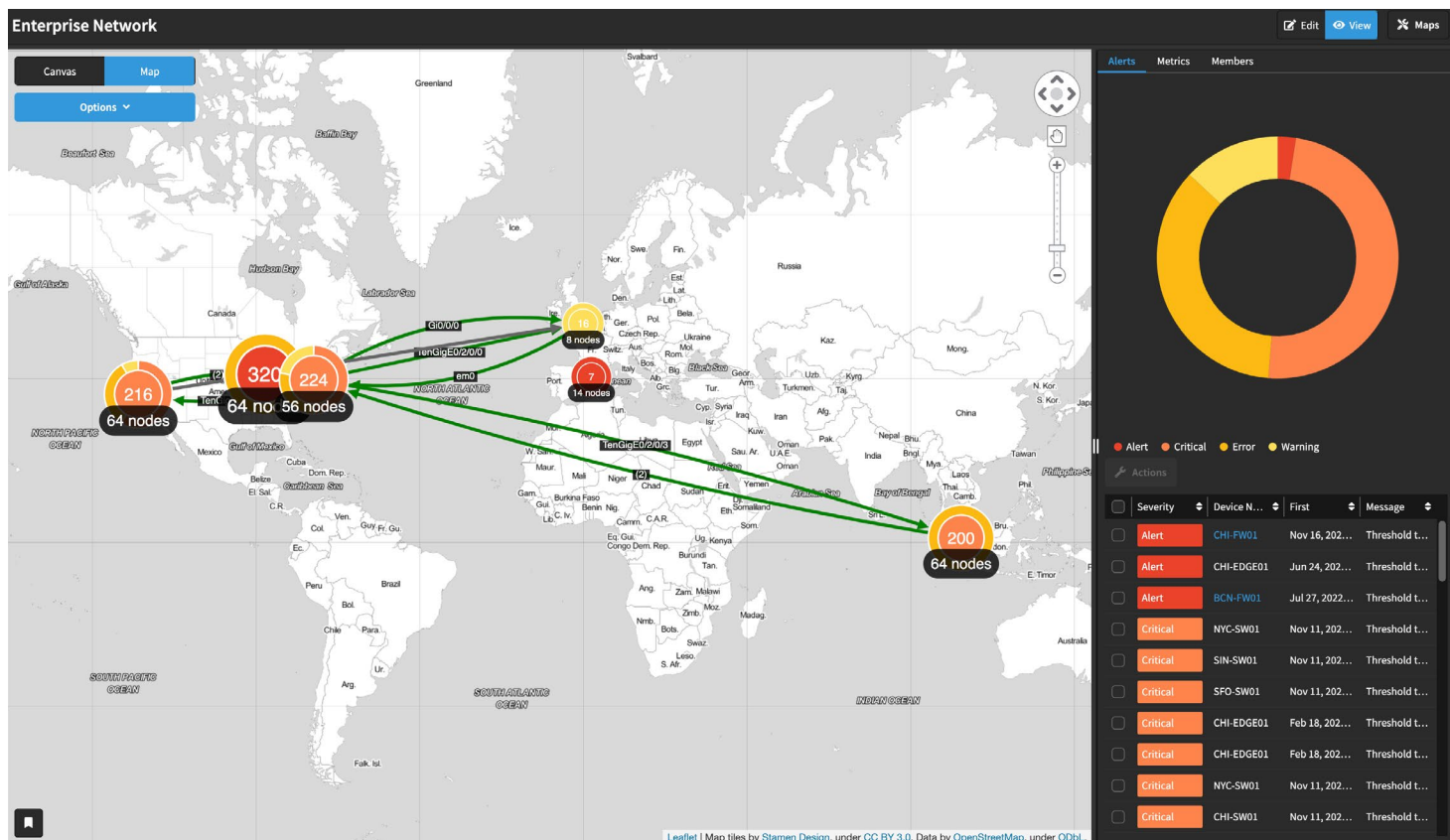


Figure 3. Status maps can provide a quick visual indicator of your network's device and service health.

Status maps

Color-coded status maps enable administrators and operations teams to instantly see the status of networked devices and services, elevating the most critical issues affecting the network. Some performance management solutions also enable users to click on the maps to get reports on devices, WAN links and other elements. These capabilities represent a premium service that customers find valuable — and are willing to pay for.

Portal and platform integrations

Giving customers access to portals through which they can manage their own network services is another valuable offering. These portals may offer integrated dashboards and reporting capabilities. MSPs can also enable customers to integrate the portal with premises-based management platforms. This helps the MSP become even more entrenched with its customers. The key is to select a performance management platform that supports this level of access and integration.

Dedicated engineer

Another opportunity comes when MSPs offer to offload all infrastructure monitoring and management by providing a dedicated engineer to handle the chores for customers. The engineer can monitor, analyze and interpret all performance data, and recommend corrective actions or opportunities for infrastructure optimization.

Conclusion

All MSPs share common goals of efficiently delivering their services and driving cost out of their operations. Additionally, all MSPs want to enable new revenue from upsell opportunities within existing accounts and by offering new services to win new customers.

By tiering services, MSPs can win customers at both ends of the market. If they address customers' basic needs, they can then upsell them to more advanced services and grow revenue without increasing expenses. However, to do so, they need a performance monitoring platform that has a wide range of capabilities, reduces administrative work and allows for rapid expansion.

With many MSPs providing commoditized offerings focused on fault management, there exists a great opportunity to attract customers by showing that performance monitoring can provide significantly greater value than that found in reactive services.

Why IBM?

IBM SevOne Network Performance Management (NPM) provides a single source of truth to help assure network performance across multivendor, enterprise, communication and MSP networks.

[Learn more](#) about SevOne NPM and how it can help your organization monitor and manage the performance of both your existing and next-gen network and infrastructure resources more effectively.

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