

**Management Service Providers:
Empowering the Mid-Sized Enterprise**

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I. Mid-Sized Enterprises and eBusiness

The mid-sized enterprise company has always been at a disadvantage when compared to larger companies in its sector. The advantages of size: revenue, resources, distribution channels, marketing power and installed base have limited the ability of mid-sized enterprises to grow beyond certain limits dictated by these traditional constraints.

However, the emergence of Internet-based eBusiness provides a more level playing field where these organizations can compete effectively with bigger players. eBusiness is transforming the fundamental processes and perspectives that govern success in an information-intensive marketplace. The mid-sized enterprise can be more successful because of the advantages eBusiness offers them. Important value propositions include:

- ◆ access to a vast marketplace created by the connectivity of the Internet
- ◆ dramatic cost reductions to reach electronic customers
- ◆ significant reductions in customer support costs while improving customer service delivery
- ◆ innovative Internet-based marketing campaigns
- ◆ tapping into a vast array of value-added online services such as procurement, customer relationship management and shipping allow a mid-sized enterprise to build a strong Internet presence quickly

Competing as an eBusiness



In the eBusiness world the competition is not between the large and the small as much as it is between the fast and the slow or the innovators and the traditionalists. A mid-sized enterprise can master the skills it needs for success. These include:

- ◆ **constant innovation:** introducing new services to generate more revenue and build customer loyalty
- ◆ **speed:** keeping pace with a fast-moving marketplace and responding to challenges and opportunities before competitors can
- ◆ **adaptability:** changing processes and services quickly to maintain competitive advantage

Challenges

A mid-sized enterprise must overcome a set of challenges before it becomes an eBusiness competitor. Making the transition to an eBusiness model is not simple, but it is strategically dictated. Organizations that do not build a viable eBusiness position will be marginalized and relegated to the fringes of the marketplace. The obstacles for these companies can be substantial, but they must be addressed. The major challenges are:

- ◆ **Resource limitations:** mid-sized enterprise must use their limited resources effectively so they can establish a strong Internet presence and began to exploit their opportunities.
- ◆ **Staffing pressures:** experienced operations and management staff are expensive, hard to find and difficult to keep. At the same time, the need for more sophisticated expertise continues to grow as the eBusinesses environment becomes more complex.
- ◆ **eBusiness velocity:** the eBusiness marketplace continues to gain velocity as the faster, more innovative competitors begin to dominate. Mid-sized enterprises must be able to change direction quickly without losing momentum.



- ◆ Maintaining focus: the eBusiness must stay focused on its core business strategy and not be distracted with many other details that could be handled by others. Scarce IT staff members must be focused on the highest value tasks, bogging down with fire fighting can be fatal.

II. The Outsourcing Alternative

Mid-sized enterprises have usually avoided outsourcing because of its complexity and risk. However, the demands of eBusiness coupled with a new outsourcing model indicate there are new factors to consider.

Business value for the mid-sized enterprise

A range of Service Providers, such as CLECs, VARs, ASPs and COLOs offer outsourcing services ranging from Internet connectivity to hosting critical eBusiness applications on their own n-tiered server architectures. Turning over non-essential management functions frees the mid-sized enterprise to focus on its core business initiatives. Outsourcing also offers the organization better control of costs through paying negotiated fees that are based on usage and value-added services. In contrast, many organizations find that internal IT costs continue to escalate without any prospect of leveling off.

Most Service Providers offer guaranteed service levels backed by negotiated Service Level Agreements. Service Level Agreements were traditionally based on guaranteeing the availability of networks, systems, or applications. Providers are now responding to eBusiness demands for performance-based guarantees such as response time, transaction rates or latency.



Many Service Providers also offer access to their more experienced and expert staff for assistance in planning, introducing new technologies and operations. This provides the mid-sized enterprise with an alternative to engaging consultants or systems integrators and having to manage yet another project. Having an effective partnership with the Service Provider frees the organization from fire fighting and increases their strategic effectiveness.

Potential Drawbacks

The mid-sized enterprise must also consider the potential drawbacks in any outsourcing decision. Of particular concern is the quality of the services provided to these companies. If the critical eBusiness applications are not available or perform poorly, it is the mid-sized enterprise that loses customers and revenue. This risk can be mitigated through careful selection of Service Providers and the specific services best suited for organizations of this size.

Another concern is the possible complexity of the transition process itself. This often requires significant staff involvement with the Service Provider for planning the transition. Cutting over to a completely outsourced solution must be done in phases, consuming more time and money. There must be contingency plans as well as redundant operations while the transition is underway. Deployment disruptions mean disruptions to the mid-sized enterprise business operations. Finally, the Service Provider must recover their expenses for these planning and transition activities, thereby increasing the mid-sized enterprises expenses.

An additional consideration is the business models of the big Service Providers themselves. All want the high-margin accounts of the Fortune 1000. Large organizations leverage their size to negotiate discounted



services or extra considerations. The mid-sized enterprise does not have the same clout with large Service Providers and may find itself receiving less attention.

The Mid-Sized Enterprise Dilemma

Mid-sized enterprises must balance the advantages against the drawbacks and the decision usually includes such intangibles as assessing the Service Provider's capabilities and commitment. If the organization retains all of its operations in-house it has the maximum apparent control. But achieving this control is hard and is often achieved at the expense of more critical business-oriented tasks. Relieving themselves of the detailed management and operations cannot be balanced against the failure of the Service Provider to deliver.

The mid-sized enterprise business will not easily embrace outsourcing until it can trust the Service Provider with their mission-critical eBusiness activities. Mid-sized enterprises must evaluate their own expertise and capabilities for using their networks, systems, and applications effectively. They must also assess their ability to find staff with new skills as the environment continues to change. The bottom line is the mid-sized enterprise has an eBusiness to run; the technology details are not as important to them -- as long as the technology delivers the performance and business value they need.

What these organizations really want to control are the high-level, strategic eBusiness capabilities. Making the detailed technical adjustments to achieve these goals is the next step. The mid-sized enterprise needs to control:

- ◆ Operating costs: IT expenditures must be kept under control while introducing the sophisticated applications that make the competitive difference.



- ◆ Service quality: the mid-sized enterprise needs guaranteed service quality that provides the high availability and crisp performance necessary to compete in the electronic arena.
- ◆ Security: the mid-sized enterprise must be able to control access to critical information whether it is on servers or traversing the Internet.

The mid-sized enterprise wants to maximize its control, minimize resource drains for non-essential functions and eliminate the risks of a fully outsourced operation. A new type of Service Provider is emerging to fill these needs. A new opportunity to bridge the gap between the outsourcer who wants to take everything and the mid-sized enterprise who wants to outsource nothing will benefit both the mid-sized enterprises and the Service Providers with the vision to exploit it.

III. The Management Service Provider (MSP)

A healthy, evolving outsourcing market creates new businesses to address specific segments. The MSP is offering a new solution that is particularly suited for the mid-sized enterprise. Rather than forcing these organizations to make an "either-or" decision on outsourcing an entire infrastructure, the MSP offers them a decision based on complementary roles "and" shared responsibilities. The mid-sized enterprise and the MSP each have defined roles, which offers to the mid-sized enterprise the value of outsourcing and the protection of retaining IT control.

The MSP becomes the provider of detailed management information and recommendations. The mid-sized enterprise is a subscriber of this information flow and it retains control of its own infrastructure and applications. The mid-sized enterprise uses the recommendations provided by the MSP to alter and adjust the infrastructure to maintain the availability and service quality it desires.



The MSP

As the provider of management information and recommendations, the MSP creates its own management infrastructure that enables the mid-sized enterprise with a solution that collects, integrates, analyzes and distributes specific, actionable information to the mid-sized enterprise subscriber. Some of the principal MSP functions include:

- ◆ Remote monitoring: the MSP collects operational information from the organizations environment. The mid-sized enterprises management information is sensitive and the MSP must treat it accordingly. Authentication procedures validate the identity of the MSP before any information is exchanged and the information is encrypted to protect it in transit. The MSP must then store the collected data in a hardened facility. The MSP must use data collection techniques that place minimal loads on the organization's network and do not interfere with normal operations.
- ◆ Data management: collected information from the mid-sized enterprise is processed for real-time service level tracking and it is also stored for historical analysis of trends and provisioning, for example.
- ◆ Analysis: the MSP uses the most effective correlation engines, expert analysis and other tools to quickly pinpoint potential problems and generate specific recommended actions for the organization to take. Continual monitoring provides the feedback that verifies the effectiveness of the actions.
- ◆ Reporting: the MSP also provides a set of reports so the mid-sized enterprise has full information about its operations, problems and service levels. The organization uses these reports to assess compliance, for planning to accommodate future growth and to optimize their internal operations.



- ◆ Access to MSP staff experts: A full-service MSP also provides a remote customer support center staffed 24X7 with certified technical experts who can answer questions and help the organization's IT personnel carry out the recommended steps.

The Mid-Sized Enterprise

The mid-sized enterprise retains control of its own resources while using the expertise of the MSP to assist it in day-to-day as well as strategic management operations. The organization provides access to its operational data using a secured connection through its firewall. It may also provide local "real estate" (space and a network connection) for a local data collection system or appliance.

Mid-sized enterprise management staff members follow the detailed recommendations provided by the MSP, therefore the organization is saved the expense and effort of finding experienced highly trained staff to handle operations.

Competition forces the MSP to continually upgrade its technical capabilities by acquiring the best tools and integrating them into a cohesive management solution. The mid-sized enterprise has the advantage of an integrated, "best in class" solution without spending the resources to develop it in-house.

The mid-sized enterprise management team focuses on strategic issues such as capacity planning to assure that eBusinesses growth is not interrupted by resource limitations. The detailed analysis and insight provided by the MSP are used to optimize the infrastructures and improve operational efficiency.

The MSP model is beginning to gain significant attention because it addresses a critical need for the mid-sized enterprise. As in any new market



there are multiple variations of the same apparent theme, in this case the MSP. Different approaches will deliver different value to the mid-sized organizations.

IV. SilverBack Leads the Way

SilverBack Technologies is a pioneer MSP with a solid strategy that delivers high value to the mid-sized enterprise and to the various Service Providers that offer the SilverBack solution to their mid-sized enterprise customers.

SilverBack Technologies has built a solution that collects information, analyzes it and delivers recommendations to a mid-sized enterprise in real time. One of SilverBack's major functions is the integration and correlation of data from multiple best-in-class software tools and applications from partners such as Network Associates, AdventNet, BindView and RiverSoft. Collected data is normalized and stored in a Sybase database and presented to the user via a single secure Web interface.

The components of SilverBack's InfoCare include a customer premises appliance, Web-based Portals for integrated customer views, a secured datacenter connection and the industry's best management and security tools embedded in SilverBack's XML and Java-based middleware.

The SilverBack InfoNest 650

The InfoNest is an Intel and Linux-based appliance that resides on the customer premises and is attached to the mid-sized enterprise network inside their firewall. The mid-sized enterprise only needs to provide some space, a network attachment and a telephone connection. The InfoNest, which is pre-



configured by SilverBack, supports the following features across the mid-sized enterprise's network, system and application environments:

- ◆ faults/threshold-based alerts
- ◆ asset inventory reporting
- ◆ performance and utilization monitoring
- ◆ security administration and scanning

Additional features supported by the InfoNest 650 include:

- ◆ e-mail performance monitoring
- ◆ Solaris/NT (SP4 & SP6)/HP UX server monitoring
- ◆ Oracle/SQL Server/Sybase database monitoring on any OS
- ◆ frame relay monitoring
- ◆ visual topology mapping
- ◆ Real time trace route connectivity diagnostics/connectivity debugging

Service activation immediately initiates data collection, analysis and notification; the mid-sized enterprise is spared the effort of installation, configuration, tuning, as well as, maintenance and application upgrades.

The InfoNest uses XML (eXtensible Markup Language) Java and internally written logic to share information between the SilverBack elements. The sharing of this collected information provides a single correlated, comprehensive IT view for the mid-sized enterprise.

SilverBack supports Secure Socket layer (SSL) encryption ensuring that the customer's management information is protected from their browser to the InfoNest 650. SilverBack also provides a secure 256k Triple DES encrypted Virtual Private Network (VPN) connection between a client (InfoNest 650) and SilverBack's data center. These combined security features ensure that the customer's data is secure from end-to-end.



The SilverBack InfoPipeline

The InfoPipeline uses a sophisticated knowledge base for each mid-sized enterprise to drive data collection. SilverBack also uses the InfoPipeline for managing its InfoCare elements. It upgrades and enhances applications without disturbing the organization's IT staff offering a solution that requires no care and feeding by the mid-sized enterprise. SilverBack can also easily add new capabilities such as application upgrades as well as provisioning for new services such as Oracle or HP UX monitoring.

The SilverBack InfoPortal (SIP)

SilverBack provides each mid-sized enterprise customer with a (or multiple) secured information portal (SIP). The SIP provides the integrated view through an easy-to use web-based interface. This offers the mid-sized enterprise substantial value, especially when compared to the effort to assemble, integrate and manage all the software components itself.

Enhanced topology information provides a simple way to highlight a troubled element and drill-down for detailed problem information. Mid-sized enterprise customers can access the operational information from any element as well as obtaining summary reports with varying depths of detail.

V. Benefiting the Service Provider

InfoCare is also a winning solution for Providers who use SilverBack's solution to establish themselves as MSPs. It offers a set of attractive attributes, including:

- ◆ the Provider is freed from building the larger, more complex infrastructures that full outsourcing businesses must design, upgrade and manage



- ◆ the responsibilities are cleanly delineated – mid-sized enterprises take their own actions to manage at the level they need
- ◆ InfoCare is an attractive transition strategy. A Provider can address the natural concerns of the mid-sized enterprise and may transition the organization to a fully outsourced option after the Provider has demonstrated their value and competence to their customer

InfoPipeline simplifies the care and feeding of the InfoNest. Providers can add new functions, perform maintenance and upgrade applications while saving their own staff substantial labor

The InfoNest is a powerful differentiator; local collection and analysis reduces impact on the customer's network compared to remote polling from the Provider management site. The "instant-on" service activation is attractive to customers and also saves the Provider time and effort.

Another strong value for the mid-sized enterprise is the on-site location of the InfoNest, which still collects operational information even if Internet access is interrupted for a period of time. In contrast, remotely hosted management applications are helpless in that situation.



VI. Summary

Mid-sized enterprises have been neglected by current outsourcing options. They have lacked the size and resources to be courted by the larger outsourcing firms; this same lack also makes it difficult for them to manage their own eBusiness operations effectively. The MSP has emerged as an attractive option for these organizations, allowing them to control their resources and infrastructures while leveraging the expertise and sophisticated analysis and suggestions provided by the MSP.

SilverBack is an early leader in the MSP arena, and its award winning InfoCare package offers mid-sized enterprises and other Providers the opportunity to gain the competitive edge.

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