



# METRICS

THAT MATTER • 2016



Annual ITSP Benchmarking Study

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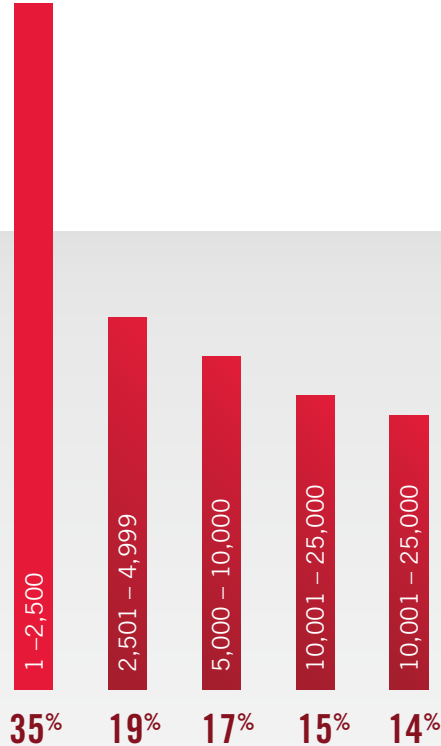
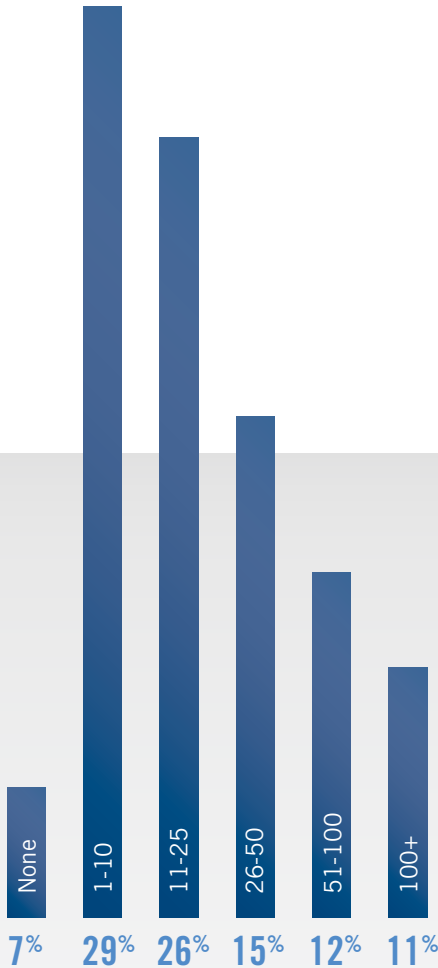
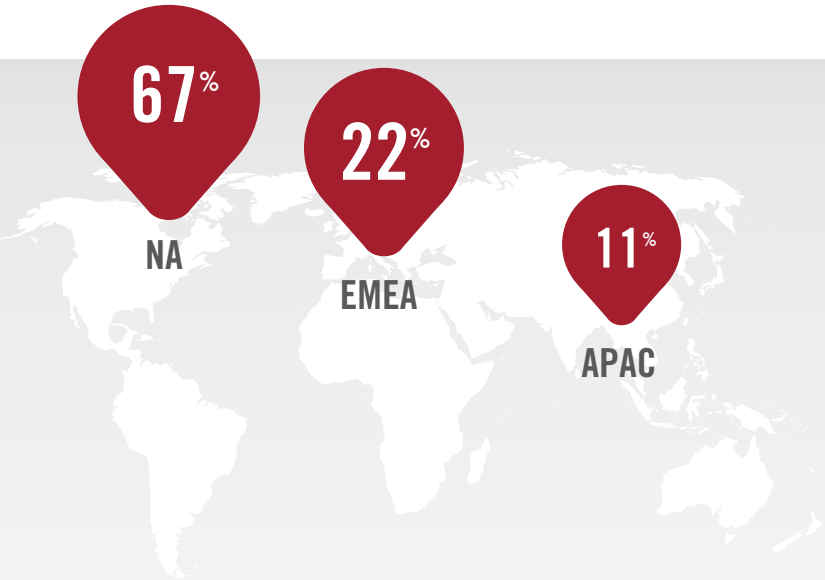


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# About the Study

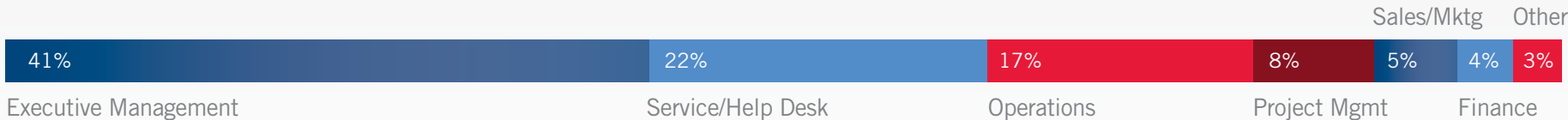
Decision Tree Labs conducted the *Metrics That Matter Survey* in October 2015 on behalf of Autotask Corporation. More than 1,100 ITSPs responded globally.



## LOCATION

## PROJECT VOLUME

## TICKET VOLUME



## RESPONDENTS BY ROLE

# IT Opportunity at the Endpoint

ITSP clients sure look differently than they did in 2013, the first year Autotask started tracking data for its Metrics That Matter survey.

Today's business clients want to achieve greater productivity and own less infrastructure.\* They are looking to IT service providers to help them manage increasingly extended networks of communication, commerce and data exchange enabled by a growing number of endpoints.

As these digital flows expand outward through mobility and cloud accessibility, so does the need for management, compliance and security. At the same time, clients want proactive advice on which applications and solutions will effectively address client needs and strategies.

Opportunity abounds for ITSPs to add to their service offerings as well as expand their roles as trusted advisors.

*\*See 'What's in Your Cloud' page 13*



## TOP FINDINGS



**2015 vs. 2016:** Revenue growth projections about the same (5%-15% for most)



**35%:** Earn \$2 million or more annually



**HIRING:** 80% OF ITSPs



**#1 SERVICE REVENUE DRIVER:** Endpoint management



**#1 SECURITY CONCERN FOR CLIENTS:** Endpoints



**“ Service providers need to be vertically integrated around endpoints. We’re moving to a device-centric world, and providers who can help customers drive value around the growing use of devices will be a profitable part of that world.”**

– Patrick Burns, Vice President of Product Management at Autotask

### **ACTIONABLE INSIGHT**

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Be sure your portfolio includes services that help clients operate safely and efficiently within their expanding network of endpoints.

# Metrics That Matter by Role

It's clear that different roles prioritize metrics differently. Broadly, Executive Managers are watching profits the closest, while Service and Project Technicians track SLAs and billable resource utilization. Finance is most concerned with billable resource utilization but also emphasize profits as Executive Managers do.

## What does this mean for ITSPs?

First, it's worthwhile to check organizational alignment to high-level metrics because every role is at risk of overemphasizing day-to-day performance while shared strategic goals are forgotten.

Second, everyone in the organization needs a clear view into metrics that measure personal and team performance, and customer satisfaction should be visible to everyone.

How can anyone be expected to comply otherwise?



## MOST EMPHASIZED METRICS



### Executive Management

1. Overall profits
2. Profitability by customer
3. Billable resource utilization



### Finance

1. Billable resource utilization
2. Profitability by customer
3. Overall profits



### Service/Help Desk & Project Management

1. SLAs
2. Billable resource utilization
3. Customer satisfaction

## ACTIONABLE INSIGHT

The first big step for many organizations is agreeing what KPIs to track for each function and for the organization overall. If this insight is lacking in your company, the KPIs listed above are a good place to start. Making this data visible to everyone is the path to accountability.

# Managing What You Measure

## The Most Measured

When we asked ITSPs which success metrics they track, billable resource utilization was the top metric they cited. Only 6% measure none, and 7% measure all.



## KEY PERFORMANCE INDICATORS (KPIs) RANKINGS

1. Billable resource utilization

2. Overall profits

3. SLAs

4. Profitability by customer

5. Customer satisfaction

6. Sales pipeline

7. Profitability by contract

8. Profitability by service

9. EBITDA

10. None of these



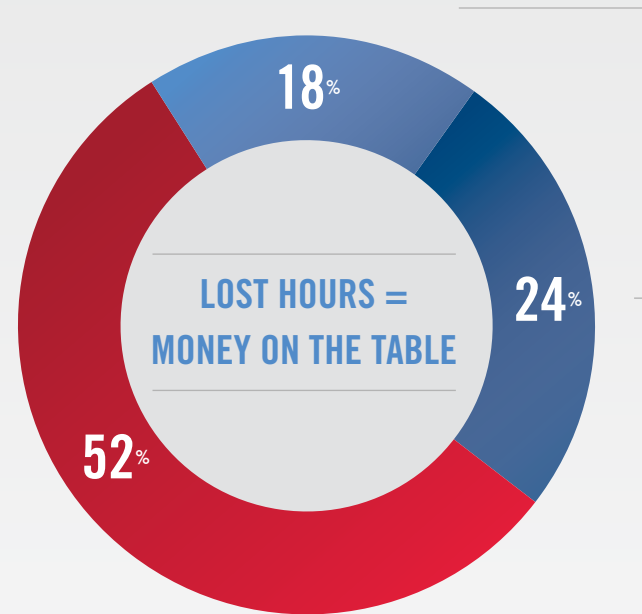
# 1 Billable Resource Utilization

## What's in that number?

While it's good to have utilization in the 80- to-90% range based on expertise, paid time off and administrative tasks, other factors impact profitability.

## Profitable time trumps billable time

- Downtime may be spent generating new business or on inefficient, manual processes. Each impacts profits differently.
- He with the most billable hours doesn't always win. Though listed as #7 and #8 for success measures, **profitability by contract and service** are where the game is won or lost in the long term.



Losing 6-10 hrs/wk

Aren't sure

**Losing up to 5 hrs/wk in each category:**

- + Maintenance of on-prem hardware or software
- + Data entry into multiple systems
- + Inability to optimally schedule and dispatch techs
- + Inability to capture billable hours
- + Maintenance of disparate operating systems

## ACTIONABLE INSIGHT

Even at the low end, 1 lost hour for each task = 6 hours/week X \$100/hour X 48 hrs/year = **\$28.8K/year lost revenue.**



# Overall Profits

Profits are the obvious goal of any IT service business but connecting the drivers throughout the service delivery lifecycle can be difficult.

**Only 7% of all ITSPs surveyed measure all 10 KPIs listed, but they all affect profitability.** This illustrates a critical disconnect in use of business performance metrics (even though there are many tools and technologies available to help with this).



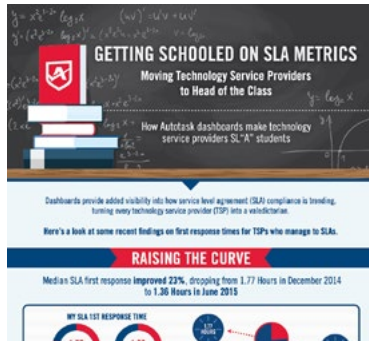
## KEY QUESTIONS TO MAXIMIZING PROFITABILITY

- ?** **Who are our most profitable clients?**  
Not the most billed or ones with the highest satisfaction.
- ?** **Who are our most valuable technicians?**  
Not the most billed or most knowledgeable but generating more business.
- ?** **What is the profitability of each of our services?**  
Consider what drives and deters continued growth.
- ?** **What is this costing us?**  
Ask this question about the most inefficient processes in terms of client satisfaction and downtime, and the long-term ROI of solutions.

# Service Level Response

## Dashboard Data Improves Performance

An Autotask study of aggregated user data in 2015 found that the use of dashboards improved median SLA first response time by 20 minutes, or 23%; proof positive that organizations manage what they measure. The 31% who “don’t know” have a great opportunity to dig into the data and find out what’s impacting response time.

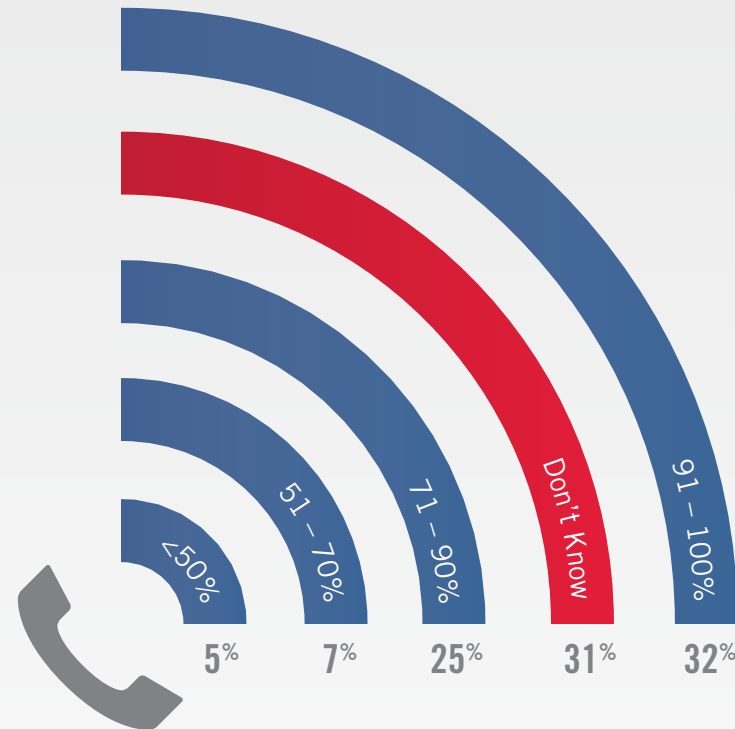


## GET SCHOOLED ON SLA METRICS

Get the infographic [here](#).



## SLA FIRST RESPONSE: WHO'S HITTING THEIR TARGETS?



## ACTIONABLE INSIGHT

Access to key metrics enables accountability. Once you know where the problems are, you can drive efficiency. If you don't know, you can't grow. The first step is to start measuring.



# Endpoint Growth and Security Concerns

The two most transformative trends affecting ITSPs are directly related: endpoint growth and high demand for security services. Providers that position themselves to manage *and* secure proliferating endpoints will be in the best position to gain from new opportunity.

There are a lot more endpoints for ITSPs to manage, and everyone is worried about what that means for security.

According to the Ponemon Institute, negligent employees ignoring mobile device security policies are seen as the greatest risk, but common applications and third-party productivity apps also loom as a big threat.<sup>2</sup>

To both manage and secure endpoints most effectively, cloud delivery is the norm for 80% of surveyed ITSPs.

## TOP 3 SERVICES DRIVING REVENUE



**1. ENDPOINT MANAGEMENT**

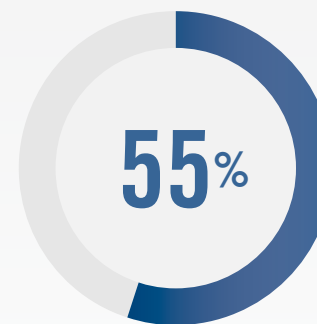


**2. BACKUP & STORAGE**



**3. DISASTER RECOVERY**

## HOW WOULD YOU DESCRIBE ENDPOINT GROWTH?



**55% OF ITSPs REPORT STEADY OR SIGNIFICANT INCREASE IN THE NUMBER OF ENDPOINTS THEY MANAGE**



“ Networks are changing structure from client-server to client-device-cloud. The endpoint growth is happening outside office walls. As the home becomes a technology hub, security at the endpoint becomes more relevant. ”

— Mark Cattini, President and CEO, Autotask

#### ITSPs SURVEYED MANAGE CLIENT ENDPOINTS VIA THE CLOUD

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8 OUT OF 10



# What's in Your Cloud?

## Comfort in the Cloud

When a customer is very conscious about security it's important to ensure that data stays within tightly controlled and monitored systems.

Sometimes it's important to make the customer understand that a cloud-based system can be even more secure than an on-premises solution.

A mature cloud provider will typically focus on offering the best possible security and provide a better audit trail than most in-house systems.

**“Devices are where experiences come together. Today a lot of experience is on the device, but all of the applications have back-ends in the cloud.”**

—**Satya Nadella**, CEO, Microsoft3



## HOW ITSPs DELIVER SERVICES VIA THE CLOUD

SERVICE	PUBLIC CLOUD	PRIVATE CLOUD	HYBRID CLOUD
Hosting	38%	30%	32%
Backup & Restore	26%	31%	43%
<b>Disaster Recovery</b>	22%	33%	<b>45%</b>
Endpoint Management	<b>40%</b>	34%	26%
File Sync & Share (FSS)	37%	31%	32%
<b>Accounting</b>	18%	<b>54%</b>	28%
<b>Email</b>	<b>49%</b>	20%	31%
ERP	25%	45%	31%
CRM	39%	32%	29%

## ACTIONABLE INSIGHT

Being able to confidently tell clients which option is best for them can be a meaningful differentiator in a diverse and crowded cloud marketplace. Understand what service your customer wants to transition to the cloud next and help them pick the right solution based on their needs.



# Recurring Silver Linings

## A hybrid cloud solution to address a growing SMB need.

While File Sync and Share (FSS) is not yet a widely adopted term in the enterprise, your clients are experiencing two clear business problems that this “chameleon” solution addresses:

- There are a lot more endpoints to manage.
- Everyone is worried about what that means for security.

Survey respondents confirmed that these business issues are driving services revenue:

### Top 3 Security-Related Services Driving Revenue:

1. Endpoint security
2. Internet security
3. Email security

**1/3** of all businesses expected to replace or implement a new FSS solution this year<sup>4</sup>

## 10 SECURITY QUESTIONS FOR YOUR NEXT CLIENT REVIEW

1. Do you have employees accessing files remotely or when they travel?
2. Would field staff benefit from an easier way to access product info?
3. Are a significant number of reported incidents related to VPN?
4. Does FTP cause issues?
5. Is Outlook used as a filing cabinet creating storage and version control problems?
6. Would workflows that issue revision alerts help?
7. Do you have staff that review or present files on tablets, and would annotation/comment capabilities be helpful?
8. Do you have a concern with confidential data being shared by terminated staff?
9. Do you run into security compliance issues?
10. Are you looking to reduce infrastructure?



**A “yes” to any question may indicate a business need that can be addressed with an FSS solution.**

## ACTIONABLE INSIGHT

FSS solutions can address top-of-mind worries for SMBs as concerns about security collide.

# Staffing Up Around Service Delivery

Client renewal rates are consistent and strong compared with 2015 with 75% of respondents having renewal rates of 80% or higher.

ITSPs are smartly responding to the top drivers of client renewals in their hiring plans.

- Service desk hires will be 2X sales hires and 3X project hires.
- This matches upward demand for managed services and cloud-based services.

## ACHIEVING 80% CLIENT RENEWALS OR BETTER



## WHY ARE RENEWAL RATES RISING?

### TOP 3 Reasons Cited

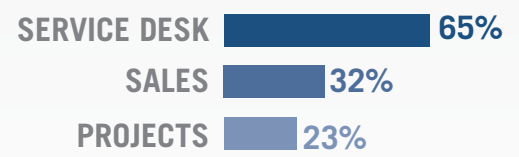


1. DEMAND FOR MANAGED SERVICES
2. IMPROVED CUSTOMER SERVICE LEVELS
3. DEMAND FOR CLOUD-BASED SERVICES

## ITSPs ARE HIRING



### PERCENTAGE OF HIRES IN KEY AREAS



# Measuring Customer Satisfaction

“Improved customer service levels” is the No. 2 driver of client renewals (after “demand for managed services”), and technology is behind this improvement — both as the ability to offer new solutions to clients and the ability to improve actual service.

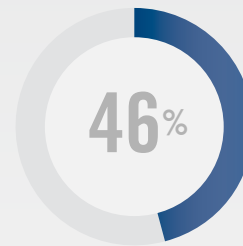
The survey shows a good news/bad news situation among providers.

First the good news: Customers want more managed services, delivered well.

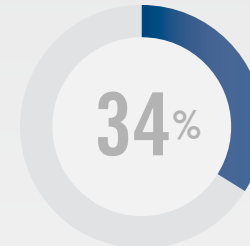
On the flip side, service providers need to do better: 24% of respondents don’t measure service response times; 31% don’t know their actual SLA first-response time; and 13% said they never solicit customer feedback.



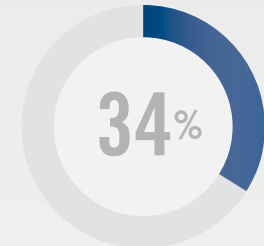
## TOOLS ITSPs USE TO IMPROVE/AUTOMATE CUSTOMER SATISFACTION



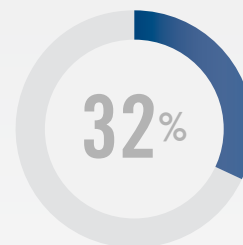
**SURVEYS**



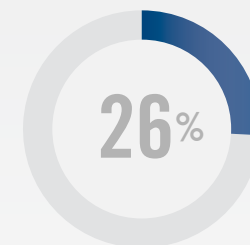
**OUTBOUND COMMUNICATIONS**



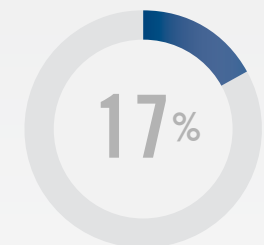
**KNOWLEDGEBASE**



**SELF-HELP PORTAL**



**SOCIAL**



**USER EVENTS**

**17% Utilize none**

## ACTIONABLE INSIGHT

While lots of service providers are employing tactics aimed at improving service, **only 15% conduct annual business reviews for clients**. Not only is this a key opportunity to assess and address satisfaction gaps, it also is an opportunity to offer new solutions and drive up that 80% renewal rate.



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# Conclusions, Sources & Resources

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As this year's *Metrics That Matter* survey documents, revenue growth is strong and steady with investments being made to further improve service levels

Addressing core IT service delivery issues around efficiency and success measurement remain key to optimizing profits.

Growth-minded ITSPs also should review their service portfolios and make sure they are providing enough options for endpoint management and security, as well as solutions that enable customers to operate efficiently and safely in cloud environments.

It's becoming a device-driven world, and service providers that respond to the resulting needs of the enterprise will reap rewards.

For more information on how client needs are changing and how ITSPs should respond, visit the Autotask resource center at [www.autotask.com/resources](http://www.autotask.com/resources).



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## ADDITIONAL RESOURCES

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[Getting Schooled on SLAs](#)

[Smart IT Guide: Building A Profitable Hybrid IT Services Catalog](#)

[Smart IT Buyer's Guide to Endpoint Management](#)

[10 Reasons to Re-sell FSS](#)

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## SOURCES

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1. CRN.com
2. Ponemon Institute
3. Computer Weekly
4. Connected Data & Wilson Research Group

**Share Ebook**



## **IT drives the world. We drive IT.**

Autotask Corporation helps IT organizations worldwide work smarter with a complete, cloud-based IT business management platform that enables efficiency, accountability and access to the metrics that drive intelligent business decisions. With built-in best practices and workflow automation, Autotask speeds time to revenue while continually improving service delivery. Autotask is available in seven languages and used in over 70 countries. Headquartered in New York, Autotask has offices in Beijing, London, Munich, Copenhagen and Sydney.