

A Complete Guide for Planning Your Managed IT Budget

By: Kharmela Mindanao





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Introduction

In today's digital age, technology plays a crucial role in the success of any organization. From powering day-to-day operations to supporting long-term growth, the right technology can make a big difference.

However, managing and maintaining an organization's technology infrastructure can be a complex and time-consuming task, which is where Managed IT services come in.

Managed IT refers to the practice of outsourcing the management and maintenance of an organization's technology infrastructure to a third-party service provider. Organizations can reduce their IT costs, improve efficiency, and focus on their core business operations by outsourcing these tasks.

But choosing the right managed IT service provider and creating a budget that meets your organization's needs can be challenging.

In this eBook, we'll provide you with a step-by-step guide to planning your Managed IT budget. We'll cover everything from understanding your IT needs to negotiating with Managed IT Service Providers (MSPs) and avoiding common mistakes.

By the end of this eBook, you can create a Managed IT budget that helps your organization thrive.

Chapter 1: Managed IT Fast Facts

Managed IT refers to the practice of outsourcing the management and maintenance of an organization's technology infrastructure to a third-party service provider. Here are some fast facts about Managed IT:



Managed IT services include a wide range of technology-related tasks, such as monitoring and maintaining servers, managing network infrastructure, providing technical support, and managing data backups.



The goals of Managed IT are to help organizations reduce their IT costs, improve efficiency, and focus on their core business operations.



Managed IT service providers (MSPs) typically offer a variety of service packages at different price points, allowing organizations to choose the level of support that best fits their needs.



Managed IT services can be delivered on-site or remotely, depending on the organization's needs.



Some common benefits of Managed IT include reduced downtime, increased productivity, and improved data security.



Managed IT services can be a good option for organizations that do not have the resources, expertise, or desire to manage their own IT infrastructure.

Chapter 2: Managed IT Costs

In general, Managed IT costs are typically lower than the costs associated with maintaining an in-house IT team, especially for small and medium-sized businesses.

That being said, the cost of managed IT services can still be significant, and it's important for organizations to carefully consider their needs and budget before committing to an MSP.

Unfortunately, there is no cookie-cutter answer to the question: "How much does Managed IT cost?".

This is because Managed IT costs vary depending on the following factors:



Number of users

This refers to the number of people who can access your data and are part of your organization. More users equal a higher price.



Number of locations

Managed IT costs also depend on how many office locations you have. Just like users, the number of locations is directly proportional to Managed IT pricing.



Number of servers

Servers require a lot of maintenance and security, resulting in a higher Managed IT plan cost.



Amount of data

This refers to the number of people who can access your data and are part of your organization. More users equal a higher price.



Service time

Service time is the amount of time dedicated to conversations between you and your MSP to fix a problem or concern in your IT infrastructure.



Technical Needs

Your technical needs will vary depending on your current business status and your future goals, and these needs drastically affect your Managed IT plan price.

Chapter 3: Managed IT Price Range

Despite there being no easy answer to Managed IT pricing, you can expect the price range to fall around **\$130-\$250/user per month**, depending on the previously mentioned factors and the company you're partnering with.

Aside from the monthly cost, make sure to expect:

- Onboarding Fees – a one-time fee for integrating your business' IT network with the MSP's systems
- Hardware & Software Fees – the price of your hardware (e.g. workstations, servers) and software (e.g. Microsoft licensing)

Overall, it's important to remember that Managed IT is paid monthly as MSPs aim for IT costs to be a consistent expense with no downtime. Surprise IT expenses when essential hardware breaks down is something MSPs won't let you experience.

1. **Identify the main components of the system.**



So, how do you get the most bang for your buck with Managed IT?

Businesses already get more services and value for the same amount of cash-out when comparing Managed IT with In-house IT. After all, Managed IT service providers often have economies of scale and can offer their services at a lower cost than an organization would cost to maintain its own IT staff.

But the most important factor when getting the full value of Managed IT is having the right mindset.

Making Managed IT work for you starts with a clear understanding between you and the MSP. You can hire the best Managed IT professionals, but the best results happen when you fully step into the partnership and commit to understanding and improving your IT network.

Chapter 5: Steps to Prepare Your Managed IT Budget

Once you've committed to partnering with an MSP, follow the next steps to prepare your Managed IT budget:



Identify your IT needs

Determine what technology and services your business requires to function effectively. This includes hardware, software, and support services. You can also run a quick network assessment for a clearer picture of your IT network.

Afterwards, consider your future business goals and if your IT network will need to adjust based on these future needs.



Assess current spending

Preparing your budget will be infinitely easier once you review your current IT expenses. You can identify areas you want to prioritize and deprioritize by zooming in on your spending.



Research costs

Next, research the cost of Managed IT services available in your area to ensure you get the best deal. List down prices, plan inclusions, and onboarding estimates.



Communicate with stakeholders

Lastly, communicate your IT budget plan to stakeholders, including management, to ensure everyone is on the same page regarding the importance of investing in IT and its role in the success of the business.

Chapter 6: Common Mistakes When Planning Managed IT Budget

Here are some common mistakes that organizations make when planning a managed IT budget for their business:



Not being in the right mindset for Managed IT.

The number one mistake companies make when planning their Managed IT budget is not having the right mindset for Managed IT. Managed IT is a partnership between you and the MSP where both parties prioritize consistency, reliability, and improvement.

So, when people go into Managed IT expecting to get the cheapest option, they're often disappointed and their budget falls short. Managed IT provides high value IT support services, and Managed IT budgets often reflect that.



Not fully understanding their IT needs.

It's also important to clearly understand your organization's IT needs and requirements before deciding on a managed IT budget. This includes understanding the technological infrastructure you already have in place and any new technologies or systems you may need in the future.



Misjudging the cost of IT services.

Many organizations misjudge the cost of Managed IT services, leading to budgeting errors and unexpected expenses. It's essential to carefully research the cost of Managed IT services so you don't experience any sticker shock.



Neglecting to include future technology upgrades.

Your IT budget shouldn't just include the initial set-up and implementation of new systems. It's important to also budget for future technology upgrades, which can add significantly to the overall cost of managed IT services.



Not accounting for onboarding and licensing fees.

Additional costs associated with managed IT services may take time to be obvious, such as the cost of onboarding and software licenses. It's important to carefully review the terms of your Managed IT service contract and ask about any onboarding, hardware, and software fees.

Key Take Aways from This eBook



In conclusion, planning your Managed IT budget is vital in ensuring that your organization has the technology and support it needs to succeed.

By carefully considering your IT needs and the costs associated with managed IT services, you can create a budget that meets your organization's needs while still being cost-effective.

Some key things to consider when planning your Managed IT budget include understanding your IT needs, accurately estimating the cost of IT services, budgeting for ongoing maintenance and support, and being aware of any hidden costs.

By avoiding common mistakes like underestimating costs and having the wrong expectations for your Managed IT provider, you can create a managed IT budget that helps your organization thrive.

Ready to Finalize Your Managed IT Budget?

Get an expert opinion if you're on your way to finalizing your Managed IT budget. As a Managed IT Provider for businesses of all sizes and industries, we'll be able to give you:

- Clear IT recommendations and
- Exact budget expectations.

Schedule a meeting with us today.

