

# The Break/Fix to Managed Services Transition Kit

What you need to convert clients and build a more efficient and profitable business

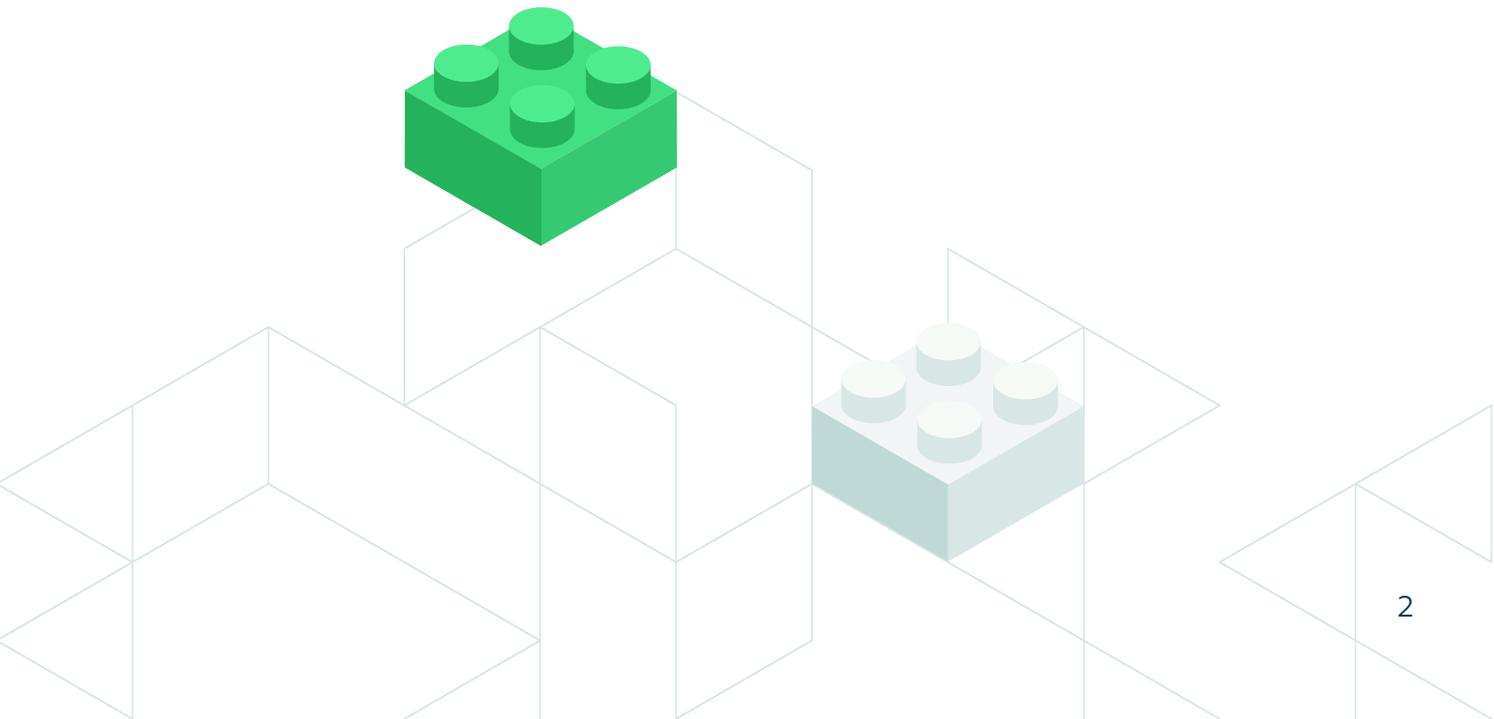


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# Why managed services?

Hi there. Since you're reading this, chances are you don't need to be sold on the benefits of providing clients with managed services instead of traditional break/fix support. You just want to get tips and tools for pulling off the switch.

If that's the case and you want to skip ahead to the how-to portion of this guide, please feel free to go right ahead. If you're still on the fence, however, or if you need help making the case to others, read on! For starters, let's get basic terminology out of the way.



## The difference between managed services and break/fix support

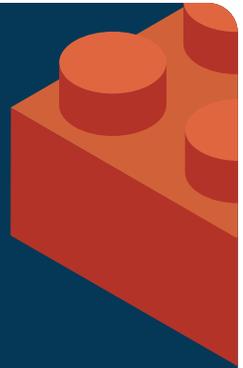
With break/fix support, managed service providers (MSPs) provide IT services as requested, typically by a technician who resolves issues onsite. The client is billed for time and materials. This approach is also referred to as fee-for-service. With managed services, the provider offers more holistic IT support - terms and conditions of which are detailed in a service level agreement (SLA). This typically includes proactive monitoring and maintenance done remotely with the goal of addressing issues before they become client-facing problems and system failures.

There has been steady migration away from break/fix to the managed services model for years. We'll describe those reasons later in this document. But it's important to note that, for many providers, break/fix does still have a role in their business. According to a recent industry report<sup>1</sup> managed services deliver a higher percentage of revenue for small to medium MSPs. So they are looking for new ways to keep ahead of the competition, satisfy customers, plus stay profitable and grow.

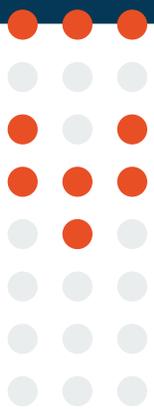
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1 <https://awesome.centreon.com/en/msp-survey-report-2024>

# Problems with the break/fix model



Break/fix servicing may actually be the right model for certain clients and particular situations. Under the right conditions, it can be effective and profitable. However, there's a reason managed services has emerged as the dominant business model. Namely, it's all too easy for break/fix models to create situations where you're constantly dealing with angry clients in crisis mode who have a penchant for ruining your nights and weekends and who don't want to pay for anything. At its worst, it's a recipe that combines miserable techs + miserable clients + miserable cash flow to = miserable you. Here are a few of the fundamental flaws in the break/fix model.



## Why it's bad for clients

**Misaligned incentives and goals:** Service providers only get paid when there are problems. That creates an oppositional dynamic where they win when clients lose.

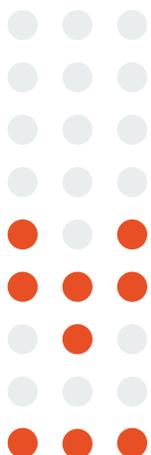
**Unpredictable costs:** Because break/fix work is reactive and case-by-case, it's difficult for clients to budget ahead of time.

**Burden is on them to know what needs to be done:** The break/fix model requires clients to be the decision makers, even if that's not a position they're qualified for or want to be in.

**Downtime:** The reactive nature also means clients have to deal with active fallout from problems while they alert the provider and wait for them to respond.

**Short-sighted:** Because work is billed hourly, break/fix clients are incentivized to choose quick, short-term fixes over long-lasting but more intensive solutions. Likewise, break/fix service providers are incentivized to provide temporary fixes again and again instead of solving issues for good.

**Ultimately more expensive:** Remediation is always more expensive than prevention.



## Why it's bad for you

**Unpredictable revenue:** Not knowing when the next job is going to come in isn't exactly ideal.

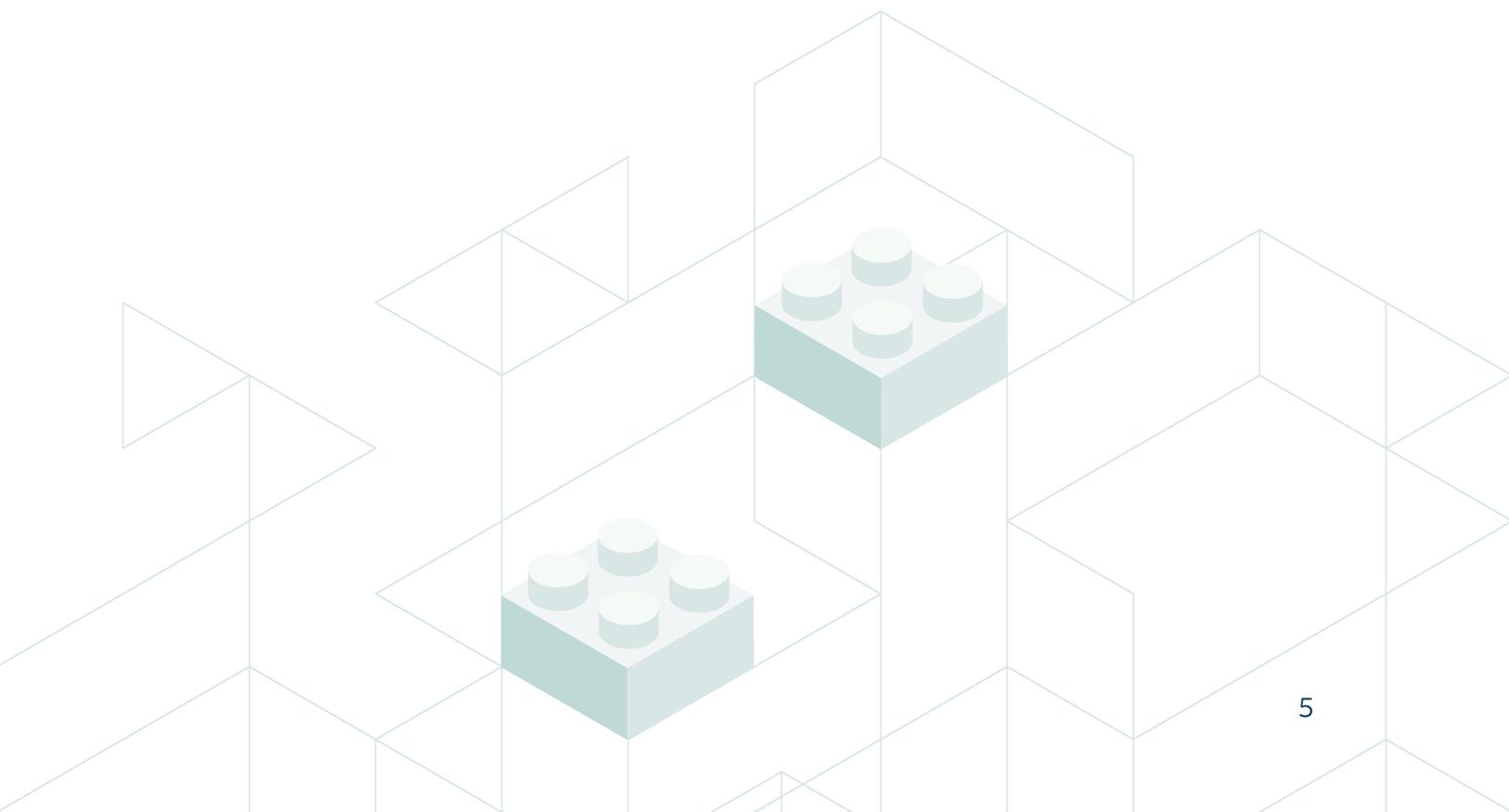
**Complicated billing:** The case-by-case nature of the work can make billing a time-consuming negotiating battle for every job.

**You're not calling any shots:** You're depending on the client to assign and approve work, which typically doesn't happen until disaster strikes and you get angrily called in to clean up another mess.

**High stress:** Working in a perpetual state of crisis takes its toll.

**Poor client relationships:** If the only time you're interacting with clients is when stuff breaks not only are they not going to be happy to see you, you're also going to dread seeing or hearing from them.

**Fewer career growth opportunities:** Being a full-time firefighter doesn't give you much time to learn new technologies or pick up new skills. You're going to get stuck mastering the bare minimum necessary to get through your day.



# Benefits of the managed services model



The managed services model is a proactive alternative that solves for many of the issues with the break/fix approach.



## Why it makes sense for clients

**Better alignment:** MSPs are incentivized to spend less active time cleaning up messes, so instead they aim to prevent problems in the first place — the same goal the client has!

**Predictable costs:** Set monthly fees give clients budget clarity.

**Better stability:** Because MSPs provide 24/7 monitoring and proactive maintenance they're able to quickly respond to issues and head off potential system failures before damage is done.

**Infrastructure upgrade:** Rather than simply applying band-aids, MSPs provide clients with more robust and secure IT environments by managing network performance, security, backup, email, helpdesk, and more.

**More affordable than in-house IT:** With an MSP, clients get many of the same dedicated capabilities at a fraction of the cost of a full-time team.

## Why it makes sense for you

**Infrastructure upgrade:** Rather than simply applying band-aids, MSPs provide clients with more robust and secure IT environments by managing network performance, security, backup, email, helpdesk, and more.

**More affordable than in-house IT:** With an MSP, clients get many of the same dedicated capabilities at a fraction of the cost of a full-time team.



**Predictable revenue:** Being able to count on a steady stream of monthly recurring revenue makes your life much, much easier.

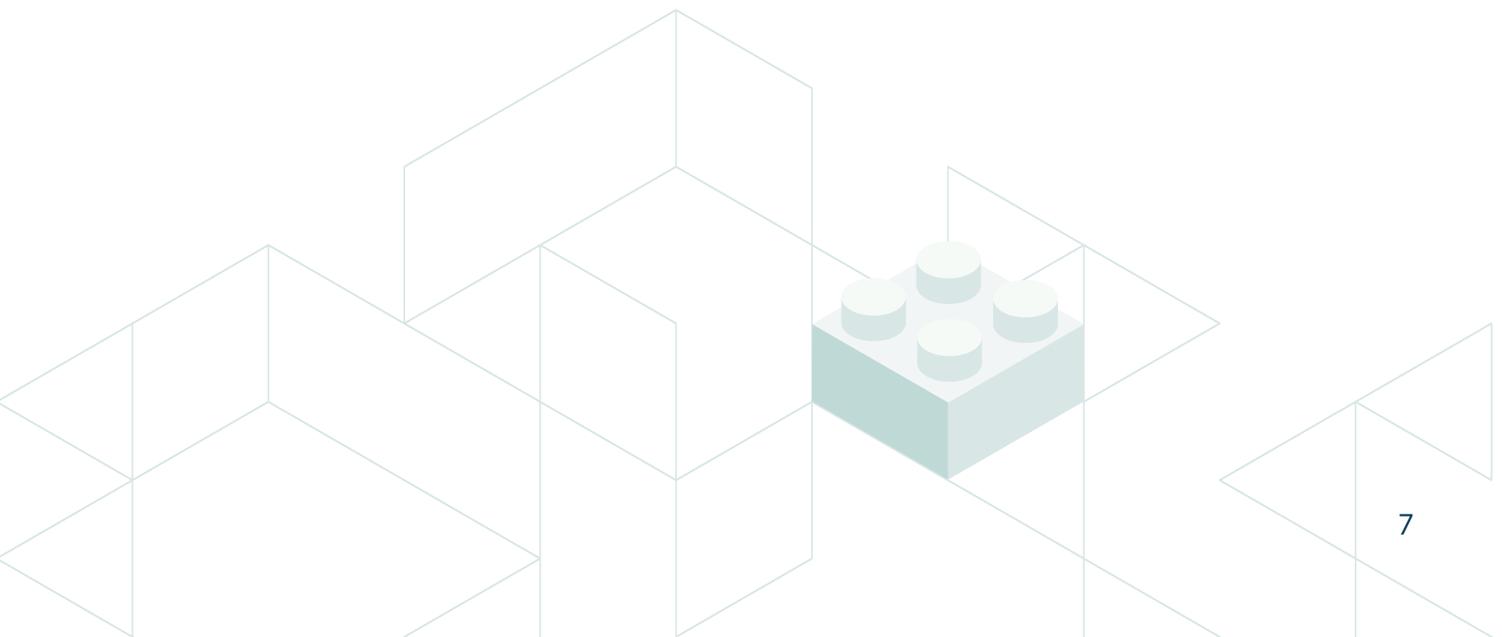
**You're in the driver's seat:** No more haggling with clients every time you want to do a job or make an improvement. With your flat rate and SLA you commit to achieving a certain level of service whatever way you see fit.

**Streamlined billing:** No more dealing with a mountain of complex, one-off invoices, either. Just simple flat-fee invoices issued at the beginning of every month.

**Significantly less firefighting:** Thanks to proactive maintenance you'll have far fewer panicked calls waking you up in the middle of the night. You'll have the freedom to do things right and create a more stable network that's less of a pain and liability to manage.

**Better client relationships:** Your relationship with clients can evolve into more of a true partnership with a focus on your services adding value instead of being purely a cost and a commodity.

**It makes your business more valuable:** Investors love recurring revenue. It makes your company's financials more predictable, measurable, and scalable.

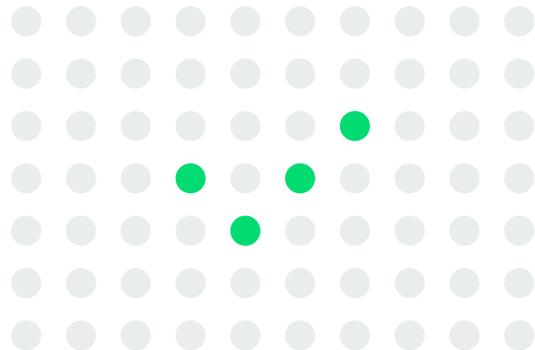


# Things you'll need

Transitioning from break/fix to managed services isn't a light undertaking. To help you understand everything that's involved here is a list of some of the key things you'll need to have in place before you take the plunge.

## Business requirements

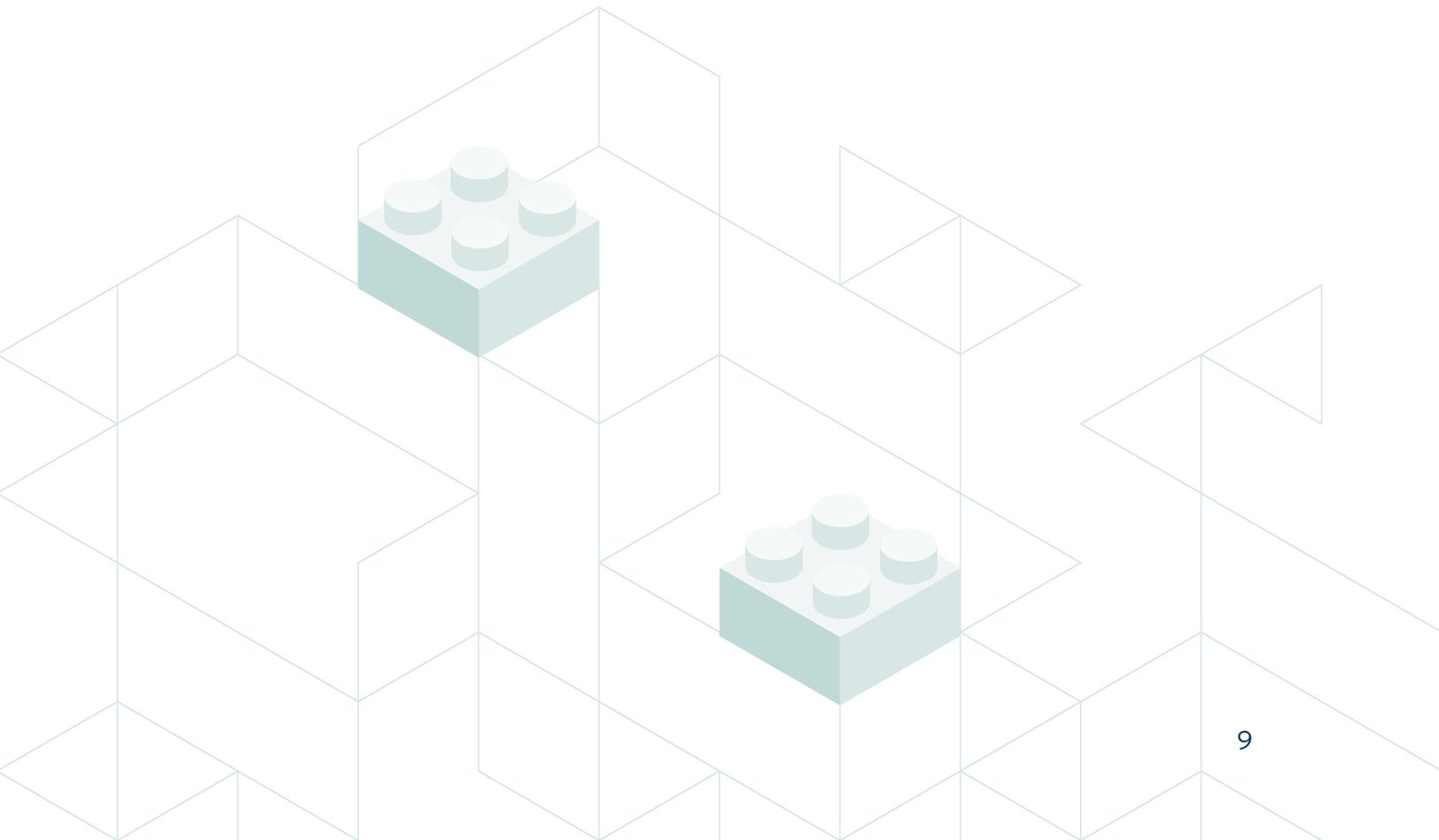
- Standardized set of offerings, including the hardware and software you provide and support
- Business plan calculating your cost of goods sold (COGS), expected monthly recurring revenue (MRR), and what your margins need to be in order to be profitable (use the included [MSP Pricing & Profitability Calculator](#))
- Fixed-fee pricing structure
- Service level agreement (SLA), reviewed by a lawyer that includes a clear definition of what is and isn't billable work (see the included [MSA template](#))
- Definition of your "ideal" managed services client (buyer persona)
- Your mission, goals, and key differentiators (the answer to "why you?")
- Initial network assessment methodology
- Sufficient appropriate liability and business insurance
- Comprehensive security audit
- Actively tested disaster recovery procedures
- Test environment to conduct pre-deployment testing of major updates, hot fixes, etc.
- Loaner or spare machines on hand
- Strong third-party vendor relationships and ability to escalate vendor support for clients
- Standardized processes for working with support issues (classifying, escalating, and reporting incidents)
- Staffing and expertise for managing the tools listed on the following page



## Technology requirements - tools you'll use

- Remote monitoring and management (RMM) software for delivering your proactive monitoring and maintenance services
- Professional services automation (PSA) software for managing clients and your business
- Helpdesk/ticketing software (if not included in PSA)
- Remote access software
- Accounting/billing software
- Documentation software (to increase efficiency and reduce training time)

This list doesn't include the tools you'll manage on behalf of your clients, which can include endpoint protection software, backup and storage solutions, email security, firewalls, cloud infrastructure, and plenty of others depending on the services you're providing.



# Stages of managed services adoption

For most IT providers, fully transitioning over to a managed services model doesn't happen overnight. Every path is slightly different, and often there can be multiple pit stops along the way. Much depends on your clients, of course - their demographics, the nature of their IT environments, their specific needs, their receptiveness to change, etc. But the following stages represent some of the most common tracks you may want to consider.



STAGE 0  
**Break/Fix**

STAGE 1  
**Transition**

STAGE 2  
**Managed Services**

STAGE 3  
**Fixed-fee**

STAGE 4  
**Advanced /Niche**

Priced per user

Priced per user

Fixed-fee

Fixed-fee

Managed AV  
Remote Monitoring

**ESSENTIALS**  
Proactive desktop server/network maintenance  
Managed backup  
Managed firewall  
Managed AV  
Remote monitoring

**ESSENTIALS**  
Proactive desktop server/network maintenance  
Managed backup  
Managed firewall  
Managed AV  
Remote monitoring

**ESSENTIALS**  
+  
vCIO  
Advanced/niche security/BDR  
Compliance  
Cloud infrastructure /monitoring  
Office 365  
Mobile device management

Charged at standard rate

Block-time Support

Block-time Support

All Included

All Included

STAGE 0

# Break/Fix



## Includes

Reactive support

## Warning

Burnout hazard. Not for providers or clients who prefer predictable, scalable support.



**Standard rate**

## Info

There are quite a few downsides to the break/fix model, but perhaps the most discouraging are all the ways it forces support providers to surrender control. Clients dictate when work gets done (typically after a fire has broken out), and what gets done (what's the quickest, cheapest option that will hold things over for now?). As a result, it's rare if you get to do anything beyond providing a short-term solution to the latest crisis du jour.

With managed services, your role is different. Clients are buying into the idea that you're the best person to determine what work needs to be done to keep everything running smoothly. You're not just limited to putting

out fires, you're given license to make the network more fire resistant. Not only is that good for the client, it's good for your quality of life, too.

A common refrain we hear from MSPs who have made the switch to managed services is the only regret they have is not doing it sooner. Instead of getting bogged down with thankless, low-paying work and flinching every time the phone rings on the weekend, they're working with managed services clients who consider them to be true partners. They're doing more fulfilling and profitable work on their own terms. They're happier and their businesses are doing great.

## STAGE 1

# Transition to managed services



## Services included

- Managed AV
- Remote monitoring
- Price per user

## Support

- Proactive maintenance via block-time support

Standard rate



## Info

If managed services is a foreign concept, one way to ease clients into it is by offering to manage their antivirus software (AV). Not only do most clients (hopefully) already understand the need for AV, they're also accustomed to paying for it on a monthly, per device basis (which sets you up nicely).

Let clients know that, as a bonus, you'll be including additional monitoring by installing your RMM agent alongside the AV. If you have a bundle deal with your RMM vendor that includes discounted AV (ex: NinjaOne RMM bundled with Webroot or Bitdefender) then you may be able to provide that monitoring for free and still make a decent margin. Think of it as a freemium offering you're using to prove value and get clients hooked.

With your RMM installed, you can immediately start identifying proactive maintenance opportunities and pitching them to the client. This is also where a [block-time agreement](#) — where you sell blocks of support time to your client up front — can really help speed things along. Clients don't always like to pay for maintenance, but when they've already paid for your time they tend to be more receptive.

This lays the groundwork for switching to managed services. Spot a failing hard drive? Prevent an outage or two? Now you're making the case that proactive service can save your client downtime, headaches, and money. You may be surprised how quickly they start seeing the light.

## STAGE 2

# Managed services



## Services included

- Proactive maintenance desktop/server/network
- Managed backup
- Managed firewall
- Managed AV
- Remote monitoring
- Priced per user

## Support

- Proactive maintenance via block-time support



Standard rate

## Info

If you're starting out with new clients or working with clients who are more receptive to transitioning, you may want to jump right in with a core managed services offering. For many MSPs, that includes a basic combination of managed AV, backup, and firewall solutions, along with remote monitoring and proactive desktop/server/network maintenance. All provided for one monthly rate, priced per user (recommended) or device.

The big difference between this and Stage 3 (Fixed-fee managed services) is the scope of the support included. Here, included support may cover maintenance only (this is the

approach Karl Palachuk recommends). Unlike fixed-fee / all-you-can-eat support (AYCE), it may not include adds, moves, or changes, which are billed separately (ideally using block-time billing). After-hours support may be outside of the agreement, as well.

**Tip: When possible, use tools (AV, backup, etc.) that integrate with your RMM. That cuts down on screens and gives you a single pane of glass from which to manage everything. Your RMM vendor may also offer discounted bundling options that can be much cheaper than buying solutions a la carte.**

STAGE 3



# Fixed-fee managed services

## Services included

- Proactive maintenance desktop/server/network
- Managed backup
- Managed firewall
- Managed AV
- Remote monitoring
- Support included



**Flat monthly rate**

## Info

Generally under a fixed-fee agreement, all services and support are provided for a flat monthly fee. We say generally because, while providing clients with truly comprehensive and unlimited 24x7x365 all-you-can-eat (AYCE) support is one option, you may still choose to provide some parameters in your SLA.

The benefit for the client is they only have one number they need to worry about and they can rest assured you're taking care of the rest. The benefits on your end include a steady injection of recurring revenue as well as additional autonomy and control.



# Advanced/niche managed services

## Services included

- Proactive maintenance desktop/server/network
  - Managed backup
  - Managed firewall
  - Managed AV
  - Remote monitoring
  - Support included
- +
- Mobile device management
  - Office 365
  - Cloud infrastructure/monitoring
  - Compliance
  - Advanced niche security/BDR



**Flat monthly rate**

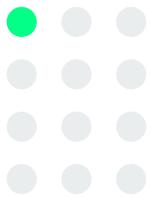
## Info

As MSP markets become more crowded and competitive, the ability to provide specialized services beyond the essentials (AV, backup, firewall, monitoring, proactive maintenance) can help you differentiate yourself and move up market to larger, more profitable customers.

Some skilled services are in higher demand than others. Security and devops capabilities are currently two of the hottest.

# 4-step transition action plan

While many MSPs use tiered or a la carte structures to provide a number of offering packages, we're going to focus on the benefits of developing one flat, standardized offering. Not only does it keep things simple, it also allows you to fully commit to and laser-focus your positioning. To each their own, of course, but in the words of Ron Swanson, "Never half-@ss two things when you can whole-@ss one thing."



## Step 1: Develop your offering

One of the first big decisions you'll need to make is what your services package will actually include. As the previous section of the guide touched on, a good baseline offering includes desktop/laptop support, server support, network monitoring, and a suite of managed antivirus, managed firewall, and managed backup products. But considering four out of five MSPs offer a combination of those services, you probably don't want to stop there. That's a lot of competition offering more or less the same services.

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**“62% of MSPs expect to branch out into additional verticals to remain competitive and profitable.”**

Source: [awesome.centreon.com/en/msp-survey-report-2024](https://awesome.centreon.com/en/msp-survey-report-2024)

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To differentiate, you need a strong, clear answer to the following question, "What makes you unique?" One approach is to specialize. Rather than try to be everything to everyone, many successful MSPs



position themselves as the premier provider of a particular solution or for a particular industry. Think infrastructure-as-a-service or HIPAA-compliant solutions for healthcare providers, for example. This doesn't necessarily mean they offer strictly one thing and one thing only. It just means there's one thing they let the world know they do better than anyone else.

This approach may lower your overall quantity of prospects, but more importantly it can raise the overall quality of them, along with the likelihood they'll actually sign them and be a good fit.

If you're like the majority of IT services providers, chances are you may be informally specializing to some degree (whether you know it or not), already.

After all, the primary way most IT service providers initially grow their business is through referrals, and customers who refer each other typically have something - industry, location, size, etc. - in common.

As you lay the groundwork for rolling out a standardized managed services offering, think about your best customers — the ones who make you the most money, but also the ones you actually enjoy partnering with most. What are the most important things they need from you? What aspects of your services do they appreciate most? What do you need to do differently or emphasize better in order to get more of those customers?

For example: If you're doing well with healthcare providers, you might consider centering your offering more formally around HIPAA compliance, EMR management, and security.

Conversely, if the unifying theme across your customers is that they're local SMBs who highly value your availability and trustworthiness, you may decide to make the linchpin of your offering something more partnership-centric, like unparalleled response times, proactive support, and virtual CIO services.



Whatever the case, in addition to considering ways you can double down on the types of customers and services that are working well for you now, think about the areas you'd like to expand into that can make your business even more profitable.

What additional expertise can you develop to provide higher tier services that you can charge a premium for? Security and devops are currently in high demand, but keep an eye out for additional opportunities. One way to identify and prioritize additional investments is by revisiting prospects you may have previously lost out on due to lack of a particular service or skill set.

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**“66% of MSPs plan to offer endpoint monitoring and threat protection, backup, and network security to their managed service offering.”**

Source: Webroot's report "How Security Services Fuel Growth for MSPs"

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#### **Do's and Don'ts**

**Do** spend time determining what sets you apart. With so many MSPs offering similar services, you need to identify and clearly promote your superpower/unfair advantage.

**Do** develop a clear definition of who your ideal client is, and package your offering to appeal specifically to them.

**Don't** just offer the same basic services as everyone else. Think beyond traditional core offerings by specializing in high-demand technology and/or high-need verticals that can allow you to charge a premium for your services.

**Don't** shy away from talking with customers you might consider to be out of your league. Get a clear idea of their needs and you've drawn yourself a roadmap.



## Step 2: Build your stack

Now that you've sketched out the details of your offering, it's time to suit up with the tools you need to deliver it. A number of the tools you'll need were covered in the aptly-titled "Things you'll need" section of this guide, but we'll address the two primary ones in more detail here.

### **Running your business: PSA software**

Professional services automation (PSA) solutions represent one of the two central pillars of MSP software. They power the business side of things, allowing MSPs to automate tasks involved in client management, ticketing, billing, reporting, and more. One big benefit of a PSA is it can bring aspects of a variety of systems (CRM, help desk, invoicing, etc.) under one roof.

The right PSA can help make it possible for even small MSPs to manage a large number of clients and users.

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→ **You can see a list of popular PSA options with user ratings [here](#).**

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In addition to a PSA, many MSPs rely on separate accounting/billing software (ex: QuickBooks, FreshBooks, or Zoho Invoice) and documentation software (ex: ITGlue, Confluence, or Passportal) to save techs crucial time otherwise wasted on looking up or asking others for basic information.

### **Supporting your customers: RMM software**

Remote monitoring and management (RMM) solutions represent the other central pillar of MSP software. They power some of the core components of managed services and support, including proactive monitoring, maintenance, and troubleshooting. RMMs allow MSPs



to streamline and automate these tasks, and in turn provide more efficient, scalable services.

By leveraging integrations between your RMM and the other software in your stack - antivirus, backup, remote desktop, etc. - you can turn it into a central control panel used to manage everything from a single pane of glass. The value of that consolidation is huge. Every time a tech has to switch screens that's a small hit to their productivity that adds up over time.

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→ **You can see a list of popular RMM options ranked according to user ratings [here](#).**

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The rest of your stack will depend on the specific services you're providing, but your PSA and RMM will be the two primary tools in your stack.

**Picking the right tools:** As you build out your stack, it's worth keeping in mind the secret recipe to sustainable MSP growth:

- ✓ more services
- ✓ more efficiently
- ✓ with less brain power

Every tool you add should help you check at least one of those three boxes in order to make or save you more money than it costs.

### **1. Does it help you provide more revenue-producing services?**

If investing in a new tool allows you to add to your offering and increase your prices, then it's a clear win. The question is how in-demand is the additional capability, and how big can your margin be on it? You also need to keep the costs associated with the tool in mind - not just the subscription fee, but the full implementation and ongoing management costs. If it takes one of your techs off responding to tickets, for example, that's a big trade-off you need to take into account.



## 2. Does it help you improve efficiency?

Time is money, and if a new tool helps you save it by automating tasks that's a good reason for considering the impact it can have on the ratio of techs to users supported.

## 3. Does it help you get by on less brain power?

Speaking of doing more with less, another thing you should consider when evaluating your tools and processes is how much expertise they require. Expertise is expensive, so if you can replace a complex tool with one that has similar functionality but is easier to use that might be a move worth making.

Some additional criteria to keep in mind when shopping for new tools include integration capabilities, quality of support, and whether the tool has truly been developed with MSPs in mind (does it support multi-tenancy, is there special MSP pricing, etc).

### Do's and Don'ts

**Do** think about standardization and scalability from day 1. Having one standardized offering and set of tools you support will simplify your billing, reduce training time, and generally make things more efficient.

**Do** take advantage of RMM integration and bundles. Speaking of saving money. Many RMMs offer bundling discounts for software it integrates with (ex: NinjaOne offers bundling discounts for TeamViewer, Splashtop, Webroot, Bitdefender, StorageCraft, and more).

**Don't** rush into buying any tool before factoring in how much time and effort it's truly going to take to implement and manage it.

**Don't** underestimate the value of ease of use. Shortening ramp-up time and lowering the bar in terms of expertise required to manage a tool can save you a lot of time and money.

**Don't** forget to go through the checklist in the "Things You'll Need" section of the guide to make sure you're not missing any critical infrastructure pieces.



### Step 3: Price your offering

Pricing managed services is a complex topic. There's no single right way of doing things, and much depends on factors that are unique to each provider and their client base. We barely have room to scratch the surface here, so we're going to keep things simple by hitting some basics and focusing on the flat rate / "all-you-can-eat" (AYCE) model. As we explained in Step 1, we're choosing to highlight that model over the tiered and a la carte approaches, but if you're looking for advice on those models [you can find some good tips here](#).

The stakes for getting your pricing right are obviously high. Miss the mark and all the hard work you put into launching your offering will eventually be for naught if your business isn't profitable. To know what you should be charging here are a few basic terms and concepts you need to understand first:

- **Cost of Goods Sold (COGS):** Also referred to as Cost of Services, this number should reflect all the direct costs associated with you providing your service, including software licensing fees, labor, and other expenses.
- **Monthly recurring revenue (MRR):** As the name says, this is the revenue your fixed-fee services are generating on a monthly basis.
- **All-in seat price (AISP):** MRR divided by number of users supported. Ex: If a 20-seat client is generating \$3,000 in MRR, the AISP is \$150.
- **Gross margin:** The percentage of every dollar of MRR you actually get to keep/apply to your fixed overhead (operating expenses). This is critical to determining your breakeven point.

At the risk of oversimplifying, effective pricing essentially boils down to knowing your COGS and charging enough to ensure the resulting MRR is at least 2x those direct costs and then some. The ballpark figure for desired margin is 50% or greater, with some MSPs shooting for as high as 70%.

Need help breaking down your true COGS? Using the MSP Pricing & Profitability Calculator included can help you determine your costs, margins, and pricing.



While it's tempting to look to benchmarks for guidance, it's only so helpful to know MSPs on average charge between \$120 - \$200 per user per month. You really need your pricing to be based on your costs and the margins you need to hit in order to be profitable, not based on what other people are doing.

### **Thoughts on per user vs. per device**

Another decision you need to make is whether you want to specify to clients that your flat rate pricing is per user or per device. To be clear, you don't have to specify either one. You can also simply stick to your fixed monthly fee.

Letting customers know their pricing is based on user or device count can have upsides and downsides. On one hand, it can anchor your pricing in clear terms they understand. On the other hand, it can make you very sensitive to downsizing and other organizational changes.

While per device pricing gained traction in the early days of managed services adoption, per user pricing has since become more popular. For one thing, it's less complicated (no setting different prices for different types of devices or arguing with a client why VMs count), but there's also something advantageous about centering your offering on supporting people, not devices.

### **Do's and Don'ts**

**Do** require pre-paid billing. Otherwise you're going to find yourself chasing payments and missing out on the value of predictable MRR on cash flow which was one of the big reasons you switched to managed services in the first place.

**Do** give yourself a cushion by shooting for higher margins. Unexpected costs are almost always a given. Protect yourself by aiming for 60% or 70% and remind yourself it's easier to try to achieve that up front rather than trying to go back and raise prices.

**Do** have a minimum fee. Otherwise, in many cases you just won't be profitable with small clients.

**Don't** feel obligated to offer everyone the same price. One flat fee doesn't mean one price for all. Your rate should be based on your costs of providing services, and needy clients should be charged more.

**Don't** be afraid to raise prices. One of the most common mistakes experts say they see MSPs making is not charging enough for their services. When MSPs talk about raising prices it almost always ends with them saying they lost almost no customers and they wish they'd been confident enough to do it sooner.

**Don't** get too hung up on what others are doing. Sell customers on the overall value you provide.



## Step 4: Convert your clients

Now that you've packaged and priced your offering, it's time to get your existing clients on board. Transitioning them from the break/fix model they're accustomed to can be challenging, but if you've been cultivating a good relationship and laying the proper groundwork you may be surprised.

Some clients are going to be more receptive than others, and technical maturity is probably going to be one of the biggest indicators.

We've included a Managed Services Client Evaluation Form in the appendix you can use to segment and prioritize your customers in terms of how likely they are to switch. Once you identify a few top candidates, get the ball rolling by approaching them first. If they're growing rapidly or actively engaging in project work that can give you a natural opening to let them know you have a new offering that's a better fit for their changing needs.

Keep in mind, the more you position the new offering as a definitive change in your service rather than simply a new option, the more successful you'll be in getting clients to commit.



Be prepared to respond to predictable objections, including the one Karl Palacuk refers to as “The Killer Objection” — “We’re getting what we need right now.” According to Palachuk, the best response isn’t to argue that they aren’t, but instead to stress what makes your new offering so different from what they’re currently getting.

Smaller clients in particular may also balk at the idea of paying a fixed fee, regardless of whether it’s ultimately comparable to the amount they’ve been paying you in emergency break/fix work. If that’s the case, the key is to show them the past invoices, and remind them of the downtime or inconvenience they suffered while the matter was being resolved. Explain to them that, under the new agreement, all that work would have been covered. No more giant, unexpected bills for emergency work. Instead, they get the peace of mind knowing issues are being prevented and tackled immediately.

Then show them a list of all the other things they’ll be getting under your new agreement.

As an incentive, you may consider offering your service package as a 60- or 90-day trial, after which they can cancel if they don’t see the value. In addition, you’ll need to decide what options you’re going to leave available to clients who choose not to transition. As difficult as it can be, the approach many MSPs recommend is showing them the door. The clients most likely to resist managed services are your problem clients who take up a disproportionate amount of time and resources and bring in little revenue. Keeping one foot in the break/fix game just to support them isn’t a position you want to be in.

The easiest way to cut ties with problem clients is to let them know you’re requiring every client you support sign a managed services agreement (MSA).

They don’t have to sign, but if they don’t you’ll no longer be able to support them. If you have good clients who, for whatever reason, just aren’t ready to switch, another option is to keep them on while raising their rates and steering them toward a transitional offering



like the one described earlier in the guide. Keep in mind that successful MSPs standardize their offering, stand by its value, and say no to opportunities that aren't a good fit. The less time taken up by break/fix customers, the more time you can spend on acquiring and supporting more profitable managed services clients.

### **Do's and Don'ts**

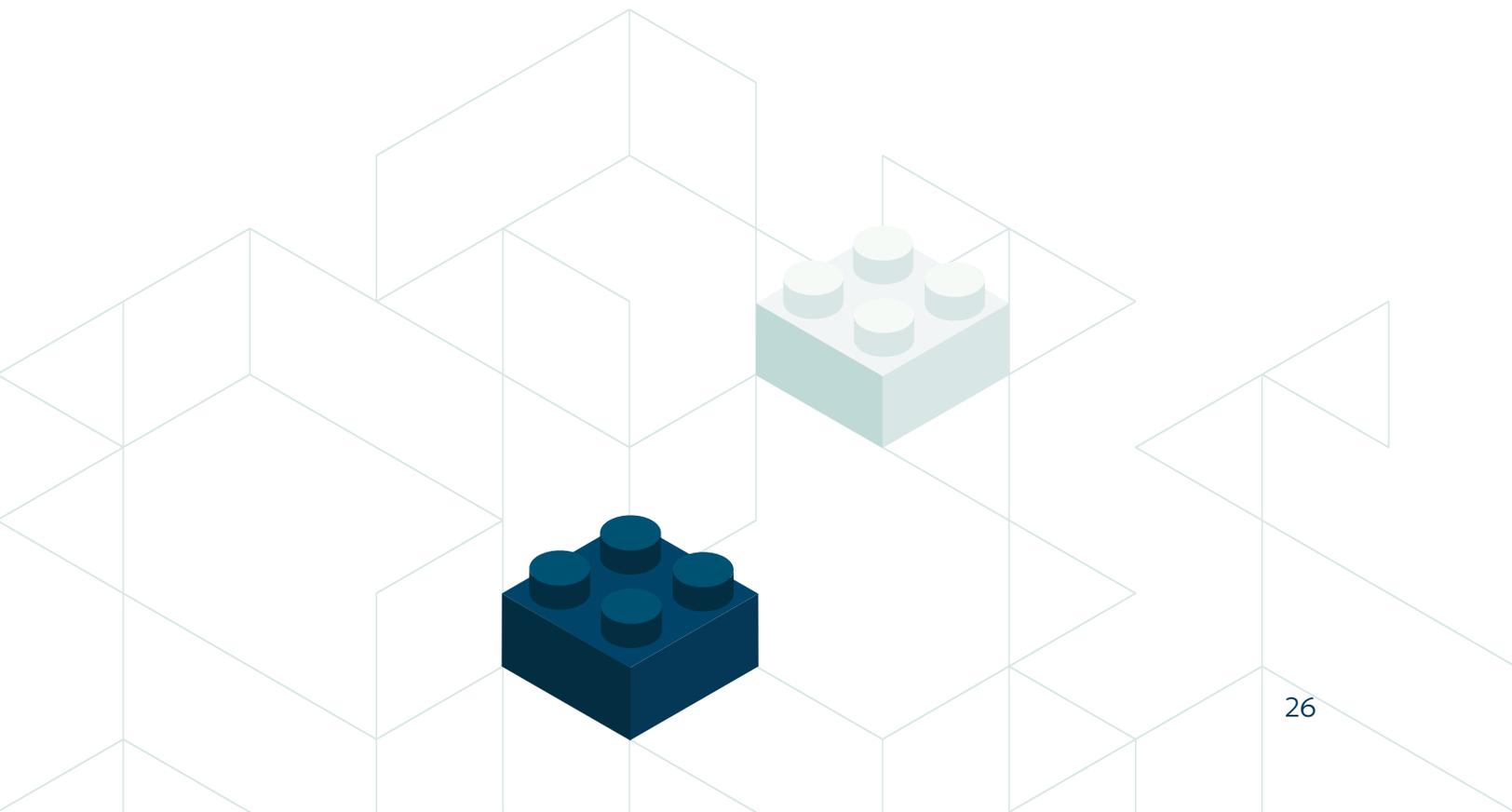
**Do** evaluate your current clients to identify and prioritize the ones most likely to switch.

**Do** prepare for common objections like, “we’re already getting what we need.”

**Do** consider offering a trial period, but be firm that this is a change you’ve committed to, and you need clients to commit to it, too.

**Don't** be shy about laying the groundwork early, pointing out work that will be covered under your new agreement and keeping tabs on how much break/fix work is costing clients.

**Don't** be afraid of losing problem clients who don't want to make the switch.



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