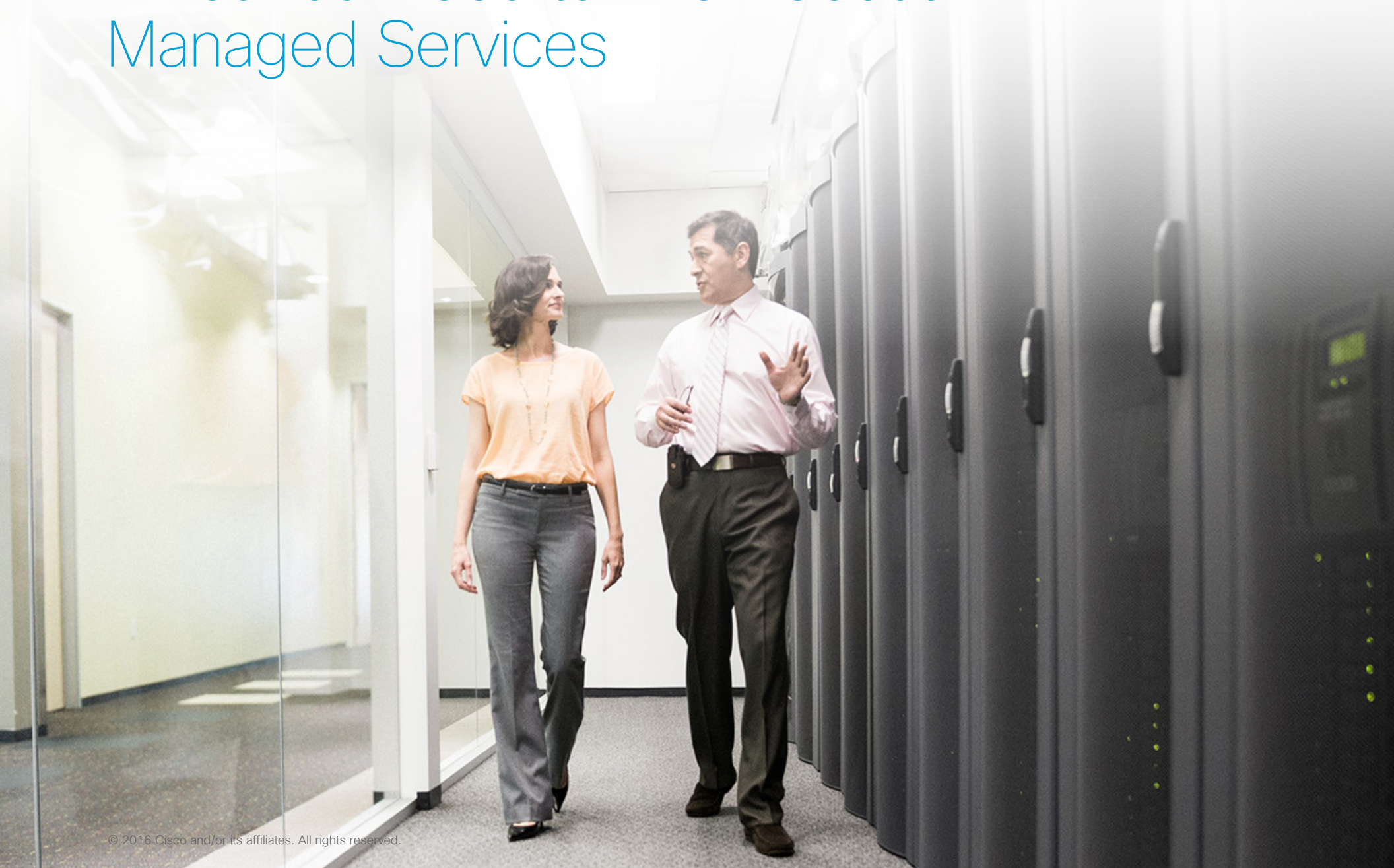


What You Need to Know about Managed Services





Cisco Cloud and Managed Services (CMS) can help customers realize a **40 percent reduction** in IT expenditures by managing new technology adoption and changes in IT infrastructure while migrating to a new and complex world of cloud computing. This paper makes the case for managed services and explains how and when you should partner with CMS to achieve your business outcomes.

What's Best for IT Management? In-House or Outsource?

Most organizations still struggle with two major IT-related issues that are often at odds with each other: **keeping their IT infrastructure operating at optimal levels of performance**, and **simultaneously managing the spiraling costs** associated with that goal. Add to that the break-neck pace of new technology emergence and adoption—services that enterprise users need available to them sooner rather than later to remain competitive—and you have a perfect storm of IT complications. Most companies spend an inordinate amount of time and investment dollars trying to keep these opposing forces balanced.

To reduce it to its simplest expression, an organization really has only two choices:

- **DIY Approach - Manage In-House**

Maintain the IT infrastructure internally with a go-it-alone approach, a DIY model. This is the traditional route taken by most enterprises and presents some very thorny issues from a financial and operational perspective.

- **Out-Task or Outsource**

Out-task to third parties—what the IT industry refers to as managed services providers—whose value-add is to assume IT operations for their commercial and enterprise customers, lending their technological expertise and refined processes, which are in most cases far superior to the organization's internal capabilities.

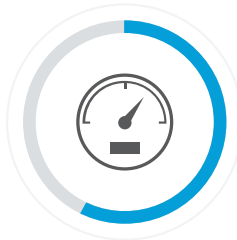
Each choice has factors affecting its viability, ranging from visibility and control to financial and even human resources considerations. At the end of the day, most organizations make the decision without really understanding fully all the ramifications of that very critical choice. And that's no way to resolve the issue—the decision is crucial to the organization's bottom line.

In this paper, we explore the technical environment, various challenges, and ever-present problems faced by most organizations and enterprises as they fight the good fight to maintain and grow their IT services for their employees and customers, all while struggling to keep their IT-related expenditures in check. By looking at market trends and other forces affecting IT infrastructures, we want to help you realize that professional managed services are not a simple proposition of outsourcing tasks (getting rid of good internal employees and outsourcing the effort). That's a pejorative interpretation often seen in the press associated with layoff announcements, but just know that it's a patently distorted view of the reality.

Managed Services will:



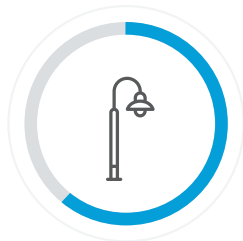
Reduce recurring in-house costs by **30% to 40%**



Increase efficiency by **50% to 60%**



80% of network outages are due to changes



65% of IT budgets are spent just to keep the “lights on”

Instead, we believe that turning to managed services is a strategic decision to complement the core business and **refocus** employee efforts where they really belong. Managed services can free up an enterprise to reposition personnel and staffing budgets to grow their intellectual capital and human resources talent rather than reduce them.

So What’s the Problem with IT?

Your organization, like nearly all others, is focused on the bottom line. You have to be! Your core business brings in revenue, but that revenue is offset by the costs of doing business—the overhead in personnel, capital expenditures (CapEx) to acquire the assets necessary to perform your core business, operational expenditures (OpEx) to run your core business, and other costs associated with attracting customers and securing revenue. The bottom line is affected by both. Increase your revenue, and your bottom line looks better.

Equally, reducing the costs of doing business is another key way to positively affect your financials. What you need to know is that you can do both at the same time and have a double impact on the organization.

IT departments are one of the largest expenditures—if not the largest—for companies such as yours. Keeping the networking infrastructure stable and secure while enabling your users to be productive is no longer a nice-to-have: it is a competitive advantage that your intellectual capital depends on to build out your core business. All IT directors and CIOs face the hard facts of the matter: sacrificing the quality and dependability of IT services on the altar of budgetary restraint is the fastest way to limit your workers’ productivity and stall the growth of revenue. By reducing costs, you can actually negatively affect the bottom line, killing your competitiveness in the process. The budgetary problem haunts the dreams of IT directors everywhere, including yours.

“By employing the right blend of people, processes, and tools offered by properly executed managed services, organizations can take full advantage of powerful new technologies while remaining focused on what they do best—their core business.”

Sources: Managed Services Market – Global Advancements 2013-2018, MarketsandMarkets

Retaining
Talent

Multiple
Skillsets

Manage Multiple
Vendors

Manage Multiple
Technologies

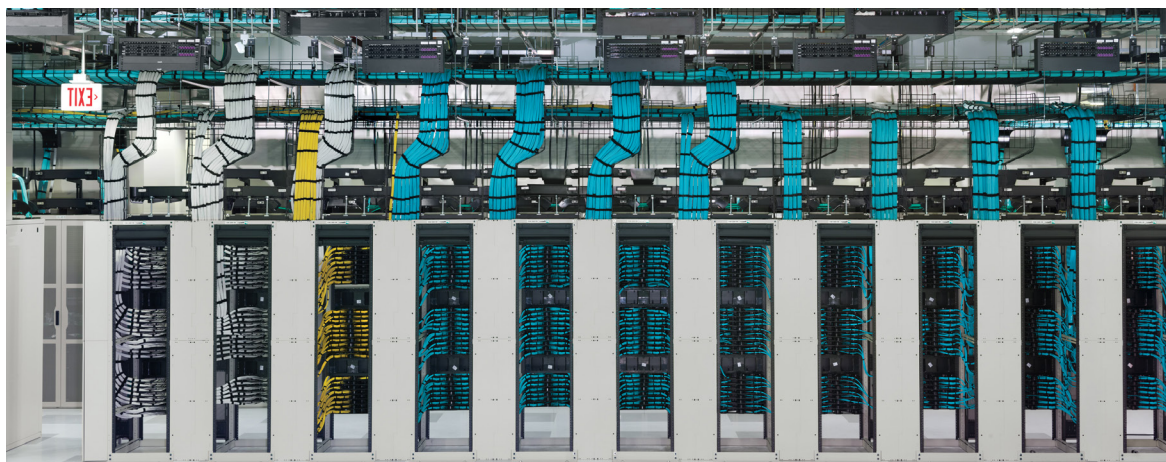
Finding and Retaining Talent with All the Skills

Even if your organization consciously decides to maintain healthy investments in IT expenditures to secure and maintain assets, you face another even more daunting problem—finding the right IT personnel to assure that your IT services for your workers.

Let’s face it: network engineers, application developers and analysts, IT generalists, and information security professionals are looking at a tremendously good job market. Too many companies are vying for too few experienced technology professionals, and the good ones **don’t come cheap**. This issue is a shared one between IT, the business units, and human resources. Another drain on the company’s bottom line is recruiting, hiring, and training these much needed IT professionals and then keeping them employed for the long term. Just another thing for your IT director to worry about, right?

Let’s assume that your organization has it all figured out—you’re making the right budgetary calls, and you’re securing top-notch internal IT talent. Then you hit the next obstacle. IT technologies are changing at the fastest pace ever, and that near-exponential increase in change will only continue. Powerful and highly efficient emerging technologies across the spectrum, from networking and wireless devices, to application services and virtualization, and finally to mobility and digitalization, are hitting the market literally every day. Your workers are now using multiple or many devices, each one with a dizzying array of applications, apps, and other services that they soon cannot do without.

They are bringing their own devices as well as using the company’s. And they’re using all of them at the main office, the branch, on the road, and at home. Oh, and they need everything to be fast and secure.



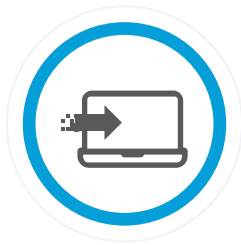


And they need it now, not next week, so that they can grow your product or services and secure more sales. Come on, IT, keep up with it all! That’s the cry that all IT directors hear from the user base—why is the network so slow, why is it down, why can’t I use this app, why why why? The reality is that internal IT groups often can’t keep up. Go ask your IT director if you don’t believe it.

Lastly, your organization has to deal with the intangibles of this IT struggle. These include the perception that your IT choices convey to your partners, customers, and the general public; the ostensible market reaction to downsizing personnel and outsourcing IT functions; and the risks of catastrophic events such as hostile hacks, data breaches, and widespread outages. Some of these can trigger extremely laborious and expensive internal compliance investigations or even attract regulatory scrutiny.

“We needed to make changes in our network immediately; which impacted our business uptime, [and] the skillset needed did not exist in-house. Cisco Cloud and Managed Services’ expertise and experience guaranteed uptime and full infrastructure coverage for networking, collaboration, data center, and security resulting in a 90% reduction in new worker onboarding time.”

– IT Director, Global Financial Services



Digital Transformation Technologies will surpass **\$2 Trillion** in 2019

Source: IDC Jan 2016

“Digital transformation is not just a technology trend, it is at the center of business strategies across all industry segments and markets.”

– Robert Parker

Partner Group Vice President IDC 2016

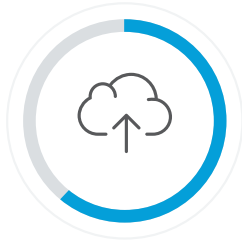
Market Trends and Other Forces

Quite a few of the problems just raised are part of much larger market trends that your company just can't ignore and hope go away. One of the key things to realize is that, while IT groups historically have been the gatekeepers and overseers of IT spend and technology implementation, this is no longer necessarily the case. Many companies, maybe including yours, have freed up the individual lines of business (LOBs) and their component business units (BUs) to make decisions about technology adoption and implementation.

This decision-making power is accompanied by associated budgets for their individual IT spend. This movement of budgetary spend to the LOBs and BUs has helped to offset the lagging ability of centralized IT departments to keep up with the pace of emerging technologies that are crucial to the core focus at the BU level. A graphic design group in a large software company, for example, often is empowered with discretionary budget and decision-making authority to choose which platforms, which applications, and which devices to use in carrying out their graphic design functions. They may or may not sync up with other similar departments, and sometimes they may not even loop in centralized IT during the decision-making process.

While this IT empowerment for the LOBs and BUs helps to create more agile adoption of technology, in essence creating many small self-sufficient “companies” within a larger one, it opens up vast areas of exposure because non-IT personnel are calling the shots about IT.

Additionally, the need for data access and services anywhere, anytime, from any device by most knowledge workers has launched other market trends such as the “move to the cloud” or digitization. The cloud can mean different things to different people and organizations; at its core is the redeployment of data and application services necessary to the enterprise and its workers from centralized IT assets managed on the premises to assets that are off-premises and perhaps not even maintained by central IT or the enterprise itself. Moving your corporate data and services to the cloud means better and quicker accessibility, by both the right people and potentially the wrong. While cloud services can seriously reduce expenditures, they can also add to the compliance headache and make IT directors feel a significant loss of control. Who's managing our data and cloud assets, and who's accessing them? This is a constant question that IT personnel ask themselves.



Big data, cloud, and mobility strategies lead to

53%

greater growth

Sources: Managed Services Market – Global Advancements 2013-2018, MarketsandMarkets

Much is now being made of the digital workplace, a rather fancy descriptor for a very simple concept. The digital workplace converts paper to digital files, uses an ever-widening pool of digital file types and formats (including voice, video, and collaborative technologies), and embraces mobility and lightweight data access and transfer through mobile apps and cloud-based software services. Make no mistake: the digital workplace is having a **tremendous** impact on worker efficiency and in reducing operational expenditures in running the core business. However, it challenges IT departments (or the LOBs and BUs) to stay up with the rapid pace of change, and very often they simply can't. But throwing up their collective IT hands is not a solution—the business needs these digital technologies to stay competitive, and the executive team needs them to remain safe, secure, and compliant, both internally and from a regulation perspective.

And then there's your core business—it's the very reason your company exists, and the only thing that ensures its continued existence. Your human resources capital must largely remain focused on the core business, the products and services your organization brings to market to secure revenue and increase market share. Too many workers defocused from your core business—or too many IT constraints negatively affecting it—makes an immediate and negative impact on the corporate bottom line. Quite frankly, you need your knowledge workers worrying about your core business, not your IT infrastructure. But you don't need to be told that.



What Are Managed Services, and Why You Should Care?

All of this doom and gloom has an upside in the form of managed IT services. Managed services offerings exist to help tackle all these IT issues and strike the right balance between IT operations and expenditures. But what are managed services and how do they help?

Managed services include a wide array of IT functions that are carried out by expert third parties for the enterprise. Providers of managed services lend critical technology personnel and IT services to the enterprise to help it manage its IT infrastructure and all the network and application services available to users. Managed services can help deploy, activate, monitor, and troubleshoot all your core and branch networking devices—the routers, switches, access points, and other devices that enable your workers to access and use data and application services. They can also perform the same functions for other technology areas too, including entire data center operations, collaborative technologies and services (voice, video, web conferencing, etc.), and information security. Managed services augment or in some instances replace internal IT personnel by monitoring devices, responding to incidents, resolving detected problems, proactively tuning and optimizing the infrastructure, and reporting on all these activities so that the enterprise still understands IT issues and has control and authority over them. This is such a critical market issue and attractive proposition to the enterprise that the entire managed IT

services market will reach \$194 billion (USD) by the year 2019, according to a Markets and Markets study on the managed services industry.

In some cases, managed services providers are merely a mechanism for enabling an enterprise to downsize and outsource internal functions that it no longer wants to deal with. The providers may or may not have expertise in various technology areas or with certain vendor devices, and equally they may or may not see all the different layers of the IT infrastructure as an interconnected, symbiotic whole. They may just provide base-level monitoring of up/down status on your devices, or they may build a holistic strategy and partnership with your organization to be a vital and productive offshoot of your in-house workforce. Managed services providers—and the quality and effectiveness of their services—come in all shapes, sizes, and colors.

If your organization is like most, and it probably is, it is looking at the IT terrain and deliberately trying to decide whether to incorporate managed services as part or all of the total IT solution. Recent market studies show that, when **properly** executed, managed services for IT can reduce in-house IT costs by upwards of 40 percent while simultaneously facilitating a 50 to 60 percent increase in IT efficiencies (efficiencies that carry over to your knowledge workers). That means reducing your CapEx and OpEx while enabling your users to take advantage of all the emerging technologies we've been discussing.

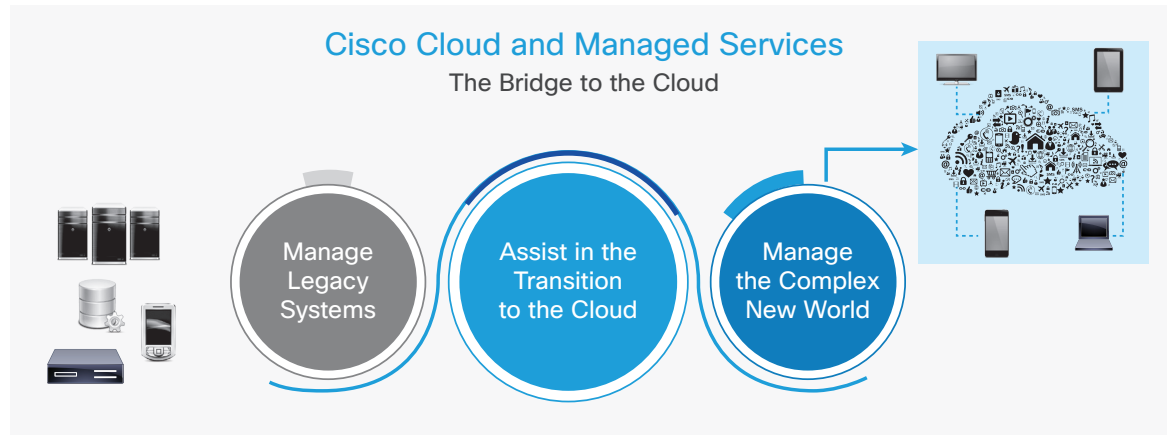
It means you get to focus on your core business, while the managed services provider focuses on your IT needs and keeps everything running correctly for your workers. This isn't an outsourcing play—rather it's an augmentation strategy allowing for a renewed focus on your core business. Isn't it abundantly clear?

You **really should care** about managed services and who may be providing yours now or in the near future.

Cisco's Cloud and Managed Services (CMS)

As noted earlier, your IT technology infrastructure (network, data center, application, and collaborative technologies) is no doubt complex and getting more so as you migrate your business and processes to the cloud. With the convergence of traditional networking with emerging technologies such as cloud-based services (computing, applications, and data availability), mobility, collaboration, and digitalization, the mix of devices and technologies in your infrastructure is diverse and rapidly evolving. For your users to tap into the full power of a Cisco powered environment, you need to make sure that everything is not only available but also fully optimized for your workers' needs. That takes time, talent, and procedural know-how. Cisco® Cloud and Managed Services (CMS) bring all this and more to the game for your networking, collaboration, data center, and security needs.

Figure 1. CMS Is the Bridge to the Cloud, Helping Customers Manage New and Complex Technology Infrastructure Evolution



We'll let you in on an often-overlooked fact: if you want to reduce in-house CapEx and OpEx while continuing to maintain and grow your IT infrastructure, you must have three special ingredients—the right people, processes, and tools. Cisco's CMS teams and our managed services methodology are built upon this fact. No other managed services provider can offer the level of intellectual talent to operate and optimize your network, data center, or collaboration environments and keep them all secure—CMS possesses the most experienced networking and IT professionals, many of whom have the highest level of technical certification (Cisco CCIE®). Our ITIL®-based methodology is globally accepted in the IT industry as the right framework for IT readiness and IT service assurance. And Cisco's focus on research and development means that we use the right and best tools for the job, every single time.

The following elements characterize our managed services offers:

- Technology coverage that encompasses the key technology components of the network, data center, and collaboration environment, including an emphasis on information security and service assurance
- ITIL-based activation and delivery methodology that assures smooth transition into the managed services model and enables a productive partnership for the entire lifecycle of the engagement—you're not outsourcing tasks to us; rather, we're collectively building a partnership
- Clearly defined deliverables that are packaged into multiple tiers depending on the level of "touch" required—Foundation services for basic uptime and operations, Standard services for increased visibility and

operational analyses, and Comprehensive services for the enterprise requiring the highest level of service assurance, including IT optimization, analytics, and proactive assessment and change management

- Global delivery enabling a "follow the sun" capability—we never take our eyes off your IT infrastructure, especially when we encourage you to keep your eyes on your business
- Tight interoperations with Cisco's product-line BUs, technical support teams (TAC), and our entire partner ecosystem
- Standardized delivery model that can combine managed services for networking, collaboration, data center, and security offerings—whatever your organization needs from an IT operations perspective

The word "cloud" comes up a lot these days and simply means distributing IT services and data to externally accessible resources. The push to the cloud truly is changing everything for your workers. With all the potential benefits of a cloud-based IT infrastructure, you should understand that when improperly deployed and maintained, your cloud infrastructure can become a nightmare for your in-house IT staff. Whether your organization takes advantage of public, private, or hybrid-cloud services, moving your data, application services, and computing power to a cloud model requires expertise across all these technology areas. Because Cisco's products are the underpinning of most cloud-based architectures, we inherently know about and understand all the ramifications of your push to the cloud.

Cisco Managed Services Results

65% Decrease in MTTR 1 st year of managed service	80% Incidents are proactively detected	150k+ Changes implemented successfully for single customer in CY2013	4.74 Transactional CSAT (out of 5)	<0.001% Wireless access point discovery and availability deviation
>99% Successful change rate for voice and video customers	<.02% Escalation rate on a volume of over 200K UC service requests	>99% UC service requests completed within business SLA	300% Increase in managed UC endpoints in past 15 months	100% Closed loop/ instrumentation enhancement rate

From deployment and activation through monitoring, maintenance, optimization, and security, our CMS teams can serve as the bridge to the cloud that your organization needs, making sure that it works as designed for your organization while helping ensure that it's secure.

Digitization, too, requires a large breadth of technical know-how in order to maintain legacy equipment while migrating to a digital and mobile-friendly infrastructure. CMS has worked with many top enterprises and service providers to make this transition from legacy to digital, so we understand the challenges from both the enterprise side and the carrier side. Our managed services help ensure that your BYOD (bring your own device) policy provides robust connectivity and throughput while keeping an eye on the threats inherent

in a transient worker environment. Working with the top enterprises, we understand the branch model and its demands on the overall infrastructure. Uptime, from-anywhere access, throughput, security, and flexibility all are key to the digital workforce—and CMS offers all the managed services to deliver on these.

The successful enterprise is wholly collaborative. Collaboration technology to support this methodology brings phenomenal benefits to your organization, and no doubt your workers depend on it every day. Unified communications, unified contact center, and collaborative business video have all changed the way your workers communicate and collaborate, as well as the locations from which they work and collaborate. However, all these technologies require a network optimized to achieve them.

Cisco's CMS teams have many years of experience in building and managing networks, and we make our expertise available to you. We can help you make sure that when you add new equipment or applications for collaboration, your network will support them smoothly, with no unpleasant surprises. And we leave you free to focus on your core business. With continuous monitoring, management, and support of your Cisco network and collaboration infrastructure, our portfolio of services helps you anticipate, identify, and resolve issues faster and more accurately. We can also customize our services to meet your specific needs to help ensure that you get the best value for your collaboration investment.

But to really ensure a collaboration-ready IT infrastructure, you need more performance. You need your collaboration infrastructure and tools to really work for you, so they have to work smoothly and reliably together. When they do, they can give you a tangible advantage over your competitors. However, like any technology, collaboration makes demands on your network. You probably want your collaboration tools to be available to any employee anywhere, on any device. That can require careful network monitoring and management to make sure that factors such as bandwidth, routing, quality of service (QoS), and network access all work to ease the way for people to get together. You also need that performance at less cost. Budgets are always tight, and yours is no exception. So to put it simply, Cisco's managed services for collaboration can reduce your overall costs as well as polish up your collaboration.

Data centers are the enterprise workhorses. Cisco's CMS also provides expertise in managing data center technologies. Our managed services offer for the data center helps you increase the operational efficiency of your data center and create a more efficient infrastructure for your users. It can help you deliver a consistently high level of performance while supporting your growing information management needs. CMS also supports specific data center technologies and applications, such as hybrid cloud, Cisco Application Centric Infrastructure, Cisco SAP HANA platform, Hadoop, and converged infrastructure. The goals of our managed services for data center are clear—simplification of applications and data center management, mitigation of technology complexity, filling in-house skill gaps, and helping to alleviate budget constraints.

Questions to Ask Yourself

This has been a lot of information, and you probably need to know where to start. At the end of the day, it's probably best just to run through the following questions and answer them for yourself, then make the most informed decision possible about managed services for your IT infrastructure.

Does Your Organization Need Managed Services?

The fact of the matter is that your IT infrastructure needs 24x7x365 monitoring, management, and optimization support—somebody (or some team) has to do it. Your choices, though, are really very few. Sure, you can adopt a go-it-alone in-house strategy, one that your organization no doubt has already tried before, with all the pitfalls of recruiting, hiring, supporting, and (re)training a team of IT professionals. When you go that route, you assume not only the overhead expenses but also the supervisory headaches of managing and coordinating the team. And that's assuming you can find the right mix of professionals with experience in all the myriad technologies your infrastructure contains. With the explosion in emerging technologies that are relevant to your organization and that need to be implemented and maintained, can your organization even afford to consider going it alone?

What Returns Can You Reasonably Expect?

The research is quite clear in that relying on managed IT services rather than in-house operations helps most organizations significantly reduce both CapEx and OpEx burdens. As stated earlier, the reduction in expenditures can exceed 40 percent. The efficiencies are equally as significant: quicker adoption of new technologies that can bolster your core business, increased uptime and infrastructure efficiencies, and a much higher level of user satisfaction. When managed services are implemented in a partnership with a leading managed services provider, the gains far outweigh the costs. Are the positive returns even a question at this point?

What Is Your Desired Outcome?

If you are thinking about managed services for your company, what are your real reasons for doing so? Are you focused solely on the expenditure reductions, or are you really trying to achieve something else? Cisco's CMS teams are built around a methodology of blending the best people, processes, and tools to achieve IT assurance. We believe in a partnership with our customers, and we see something more than just taking away some of your expenses and all of your IT concerns. We feel that you probably want to achieve a deeper business-oriented outcome, one that allows your professionals to do what they do best—their core business. Is your real desired outcome to grow your business? It's ours.

What's Your Next Step?

Visit us on Cisco.com or contact us at askcms@external.cisco.com to learn more about Cisco's Cloud and Managed Services and what our teams can do for you, your organization, and your bottom line. Everything we offer is focused on one outcome, and it's much larger than looking after your IT infrastructure: it's helping you with your core business.