

UNDERSTANDING THE IMPORTANCE OF CHOOSING THE RIGHT MANAGED SERVICES FOR YOUR DIGITAL TRANSFORMATION



If your company is on a digital transformation journey with a specific focus on everything as a service (XaaS), then you should also be investing in managed services to maximize the value of your [investment in new technology](#).

A common trend among companies after acquiring world-class products and solutions is to seek low-cost service providers to manage them, which can result in poor service quality, failure to achieve desired business outcomes, and a low return on investment (ROI) despite significant investments in the products.

Let's take an example; A European health insurance company with significant investments and a well-defined strategic plan invested in the products of COMPANY X. The health insurer had a strong vision, a solid strategy, and clear goals, but overlooked one crucial aspect: a capable team to manage the solutions and achieve the desired outcomes. It made a mistake that is common during a digital transformation journey, outsourcing its services to COMPANY Y, a low-cost managed service provider that had a large workforce but lacked the necessary skills, a clearly defined service improvement strategy, and a focus on delivering customer-value outputs.

The European health insurance company experienced several negative outcomes from this arrangement, such as low availability and inefficient system functionality. The mismatch between business expectations and product capabilities caused confusion and frustration among users and stakeholders, leading to a lack of user adoption, which, in turn, led to a failed investment and the need to search for alternative products or managed services. Finally, the European health insurer failed to achieve its desired ROI and fell short of its digital transformation goals.

A top-notch managed service provider is as important as world-class products and choosing the right one is a crucial and important step. So, what are the things you should look for in a managed service provider? Let's examine some of the stages of the managed services lifecycle. Reputable providers should have the framework or expertise to address most of these stages, which can be broadly categorized into four sequential phases:

1. Stabilization
2. Familiarization
3. Exploration
4. Adoption

Stabilization

In the first phase, the managed service provider stabilizes the environment, identifying bottlenecks, eliminating customer pain points and frustration, and making the solution available and reliable.

Familiarization

The second phase of the process is to ensure that customers, internal stakeholders, and end users understand the product and solution. The managed services team and education teams work together to explain the capabilities, features, and possibilities of the solution.

Exploration

The third phase of the process builds on the knowledge gained in the previous stage. End users or service owners, who are now familiar with the capabilities of the tools, have developed ideas on how to utilize them for the benefit of their specific domain, business, or organization. The managed services team helps bring these ideas to fruition by collaborating with customers. If excessive modifications to the original product are required, the team can also act as a liaison between the customer and the product development team, collecting feedback and incorporating it into the product to reduce the burden of management and increase opportunities for innovation.

Adoption

Once the company realizes the true potential of the solution and has aligned it to its specific needs, it can be implemented across the organization to all business units. This mass adoption increases synergy among the business units; unifies the approach to managing processes, data, and communication; helps streamline operations; increase efficiency; and improve collaboration. Additionally, having one tool reduces the need for multiple separate systems, which helps to reduce costs and IT complexity. Most importantly, it can provide valuable data insights for the organization.

Now that you understand the four phases, these are some of the additional things you should consider when evaluating a managed service provider:

- Customer references and past case studies that demonstrate their ability to stabilize environments and provide a working framework
- A dedicated education team or partnerships with education providers to train end users and stakeholders

- Capabilities and domain expertise to customize the product and make it relevant to your business
- A framework for providing product feedback to your product's product management team
- A continuous service improvement framework to innovate and evolve in the changing IT landscape
- The ability to scale to meet your needs as you adopt the service
- Highly skilled personnel with expertise in your specific products
- The ability to measure and produce key performance indicators (KPIs) such as:
 - **Net Promoter Score (NPS)**—score greater than 50 indicates top quality service received by customers
 - **Proactive resolution rate**—an indication of whether the service is proactive or reactive
 - **Renewal rate**—an indication of customer trust and realization of the value of the service
 - **First-time right** metric—measures the efficiency of technical teams
 - **Automation rate**—an indication of faster turnaround times and continual service improvement (CSI)
 - **Mean time between failures (MTBF)**—an indication of the stability of the service
 - **Uptime**—an indication of the stability of the service



Figure 1. Desirable metrics for a managed service provider.

In conclusion, by carefully evaluating and selecting a managed service provider based on the criteria discussed, you can ensure that you are choosing a provider that can help you realize the full value of your investment and support your digital transformation journey.

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