



Replify™ Reptor™ Accelerator Suite

## WHITE PAPER

From MSP to *Accelerated* MSP

Prepared by



REP-WP-MSP  
June 2009

## Contents

Introduction by Kevin Donaghy, CEO, Replify Ltd. ....	3
MSP Technology Platform Expanding: Utility Model.....	5
A Maturing MSP Landscape.....	7
From Common Technologies to Differentiating Technologies.....	8
Evaluation of New Technologies Needs to Embrace Optimization and User Experience	10
Replify’s Response.....	11
About Replify.....	12
About Quadriga Consulting.....	12

Introduction by Kevin Donaghy, CEO, Replify Ltd.

**We all know that the IT landscape changes at a rapid pace.  
But there is a real bottleneck that is impeding progress –  
slow, bandwidth constrained, wide area networks.**

We hear lots about the explosion in on-demand software, software as a service, cloud computing and virtualization. Hand in hand with these technological developments we've seen the emergence of a vast array of managed service providers (MSPs) that offer a host of services – from hosted enterprise applications, to back-up and DR services, to network management and email services.

But the elephant in the room that is rarely mentioned is the wide area network (WAN). The WAN represents a productivity bottle-neck. It's often slow, it introduces latency into mission critical applications and it makes MSPs look bad.

Let's face it – cloud computing is all very good when users have robust broadband connections. But try using hosted SharePoint on the road, or from a customer's premises – or even from a modest speed broadband connection. It's not a LAN experience. However, as far as the user is concerned, it should be. And it can be.

Slow and unmanageable end-to-end connections result in frustrated users and a perception that the managed service provider just doesn't care. But things can be different if Managed Service Providers can make the move in the direction of becoming Accelerated MSPs.

Things can be different.

We asked Quadriga Consulting to look at what's happening to the managed service provider market – and they came up with a novel approach.

Quadriga had a look at the market trends material being assembled by the MSP community itself, summarized it and responded to it.

This short report pinpoints the new hot segments of the MSP market but suggests that unless we see the emergence of MSPs that actively consider user experience, service quality will be questioned.

At the end of the report we argue how Managed Service Providers can become **Accelerated Managed Service Providers.**

If you have any questions about the report, comments, criticisms please contact me. My contact details are below. Thanks for reading.

Dr Kevin Donaghy  
CEO, Replify Ltd

## MSP Technology Platform Expanding: Utility Model

Managed service providers are organizations that provide a myriad of services to corporate customers. Some manage customers' own resources – databases, file servers, applications. They provide a combination of services, from help desk support for users, to hosted back-up services, to network management services and trouble-shooting.

But the MSP technology platform is expanding, morphing and changing.

According to Forrester, the ICT analyst firm, in a report published in late 2008, it believes that a “perfect storm” is brewing. According to Henry Dewing, a Forrester Senior Analyst, “technological change, the technology investment cycle, and difficult economics are combining to push some types of managed services over the chasm.”

Dewing also predicts that while the biggest firms may be able to afford the investment needed in the coming decade, small and medium-size businesses will not, making them a prime market for managed service offerings that minimize initial capital cost and do not require an investment in IT personnel.

Therefore, the MSP community will need to adapt and respond to this massive change. While many could afford to be highly specialized in the past – providing niche type services to large companies, there will almost certainly be a new breed of super-aggregator MSP that will provide a panoply of services to a broad range of businesses. And the products they will offer will be based on a utility-type service model.

MSP Partners – the network of managed service providers – features an overview of the technology trends in the managed services sector on its web site. This overview illustrates, very neatly, the challenges that might be faced by MSPs in the near future. Developed for MSP Partners by CMP's Institute for Partner Education & Development (IPED), the report argues that the business of managed services is expanding – because customers like more managed infrastructure. It's as though once customers get the taste for managed services, they want more and they want the MSP to suggest and make available more services.

IPED's technology trends predictions are based on hundreds of interviews with established MSPs – so they have considerable robustness. And the organization predicts that customers are focusing less on managing just the technology

plumbing and rather more on mission critical aspects of the business. IPED predicts that more and more customers will demand more managed services offerings. However, this means more and more service engagement and more challenges in terms of managing complexity.

## A Maturing MSP Landscape

Part of the reason why the MSP environment is changing is because of market conditions. In a recession businesses need to focus even more on core competencies and the demand for managed services is, consequently, going up. According to IPED average selling price for the raft of MSP services is also going up despite difficult market conditions. But in terms of the mass market of MSPs interesting things are happening. New technology is coming online with virtualization, cloud computing and business intelligence the hot technologies – supporting more traditional client-server hosting models. This means that there are opportunities for competitive advantage.

However it also means that there is significant likelihood of **customer disappointment**. Because in distributed organizations the end-to-end experience from server-side application to client may not be up to scratch. And this may, indeed, detract from the service provider.

The reason is simple. Virtualization and ‘the cloud’ may be the hot technologies – but try using them from a remote office with a shared broadband connection or while on the road with (at best) a 3G data card – or with no data connection at all and the need to synch over slow connections. This also applies to more ‘traditional’ client-server applications.

What MSPs might consider hot technology may be seen as slow, unresponsive and productivity damaging by a user. Moreover, from the MSP perspective, the tools that are available to manage such virtualized solutions are simply not available from the virtualization players themselves. Detailed, and executive level, reporting tools are a must for any ‘upwardly mobile’ MSP – and easy licensing arrangements for next generation technologies are a must.

IPED recommends carefully and methodically assessing new technologies that might create competitive advantage. But we would also recommend that if MSPs really want to embrace virtualization they need to ensure that user experience is optimized – that entails ensuring that virtualized services are fit for purpose and provide client-service level of usability across the organization.

## From Common Technologies to Differentiating Technologies

There is a lot of diversity in the services offered by MSPs. There are many different platforms and technologies resulting in no clear majority of technologies or services on offer. Less than half of MSPs actually sell the most popular service i.e. help desk services.

IPED predicts that in terms of market growth the most important will be network infrastructure management (NIM), email management, and virtualization and warns that there may be a commoditization in terms of some 'pack offers' e.g. NIM and virtualization. This will result in margin challenges. In order to defend a market opportunity requires differentiation.

This means that while help desk, network infrastructure and email management services are the top 3 managed services offerings today, they forecast that the pecking order is due to change with the leader of the pack being NIM, followed by Email Management and Desktop Apps management.

Back-up & DR/Virtualization will leap up the list to fourth and fifth most important respectively.

Reading between the lines we believe that from a technology platform perspective this will result in an explosion in hosted Windows file sharing type services, an extension in hosted collaborative workgroup technologies (based on, for example, SharePoint) and hosted Exchange mail services.

However, there is another clear message here that must not be overlooked. That relates to the client end of the string – the end that the MSP may not 'own' in the scramble to provide virtualized services.

Virtualization implies a server-centric model of the world. Server-centric models appeal to vendors and MSPs alike because they are easy to manage using centralized resources. However in organizations that are distributed and decentralized – and most medium to large sized companies are decentralized to a degree – the centralist/virtualized approach can break down because of the inherent deficiencies in wide area connectivity. User experience can suffer. In a client server world this is an issue too and can be overcome by back-up and synchronization processes. However, this option may fall through the cracks in a wholesale move to an MSP-provided virtualization model.

Therefore all service providers need to pay due regard to ensuring accelerated and user optimized virtualized environments. If virtualization and cloud computing are hot technologies, they could quickly become cold if they simply don't perform.

The trouble is that hardware based WAN optimization is just not fit for purpose, fit for price of fit for management in an MSP world.

## Evaluation of New Technologies Needs to Embrace Optimization and User Experience

The importance of evaluating and adopting new technologies is critical according to MSP Partners and there is a dramatic gulf between best in class service providers and 'the rest' – this is particularly the case with network infrastructure players. Best in class players achieve much higher margins than 'average' service providers. This implies that differentiation produces great results.

But, similarly, we would argue that differentiation is not simply about adding new technologies that are 'in demand' – it's also about adding technologies that enrich the user experience.

Therefore if virtualized applications are slow, they need to run faster. If specific users are receiving poor standards of service, and cannot be identified across the virtualized service platforms, then there is a deficiency in the *managed* service offering.

In a virtualized world, end-to-end user experience management ability is critical – especially when 2 out of 3 MSPs, by the end of 2009, will provide software as a service (according to IPED).

IPED predicts that in order to support the move to a more network-centric world around half of MSPs are planning investment in a centralized network operations centre. However, for such centralized systems, the end to end management of the process is critical. Delivery is only part of it; the performance of centralized applications, wide area optimization and application acceleration are key components in the delivery of acceptable user experience.

Quadriga Consulting makes some impactful recommendations based on the technology trends likely to emerge in the Managed Service Provider sector, as articulated by MSP Partners.

## Replify's Response

We would like to respond in the following ways:

- Replify believes that in order to respond to the move to a virtualized model MSPs need to become Accelerated Service Providers – to provide LAN-like user experience over the WAN. This will require them to become Accelerated MSPs.
- In our view, quality of service is more important than merely 'differentiated service'. It is for this reason that manageable, network optimized and accelerated solutions will be so important to next generation MSPs.
- Service provision that does not pay due regard to user experience over slow or unreliable connections does not pay due regard to the full organizational need. Moreover, throwing more bandwidth at the problem is not the solution. Rather bandwidth optimization at the head-end, the work-group and the client is what all-software based optimization can bring.
- An effective and granular management solution at all these levels is essential (we achieve this through our Enterprise Manager).
- We believe that virtualization needs to apply to the world of application acceleration and WAN optimization. That's why we have developed an all-software based application acceleration platform that can easily be rolled out to MSP customers via virtualized servers and client-server computing models.
- The greater adoption of collaborative, file sharing and email services on an MSP model implies an even greater need for MSPs to consider and adopt best practice based application and acceleration.
- Quadriga's recommendation for end-to-end management of virtualized application implies that server to client management of customer experience is required. It is for this reason that we have developed a client based application and server-side components – as well as full end to end visibility of accelerated applications.
- Replify is the only vendor to have an all software based application acceleration solution – Reptor – in an all virtualized environment. It is for this reason that Replify is ideally suited for adoption by MSPs committed to differentiated, virtualized and accelerated solutions for small, medium and large enterprises.
- Our solution allows MSPs offering SharePoint, Exchange and CIFS services out of the box acceleration and clearly defined performance and service levels.
- For more information on the Replify suite of products please visit

<http://www.replify.com/>

## About Replify

Replify was founded in 2007 and is headquartered in Belfast, Northern Ireland. The company's objective was to be the first to develop an all-software based WAN optimization solution that would exceed hardware based performance. The Replify principal management team has gained considerable experience developing and bringing to market WAN optimization products at both Swan Labs and F5 Networks. Now the team is focusing on the next generation of WAN optimization and intends to make Replify a global player in software solutions.

## About Quadriga Consulting



Quadriga Consulting provides consulting services to commercial, government and agency clients. We specialise in marketing and financial consulting. We also provide technology-enabled marketing services such as social networking based research and customer engagement processes.

<http://www.quadco.co.uk>

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