

Partner Transformation Guide: Services

Building a Successful Managed
Security Services Organisation

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Partner Transformation Guides

Successfully transforming your business to offer managed security services has important implications across business dimensions. This series of guides details those implications across Sales, Marketing, Services and Security, and provides advice on how to get started, grow and excel in managed security services as an IT partner.



The intended audience for these guides are senior executives and business owners of channel and partner organisations. This edition describes the implications of offering managed security services for your Services function.



Executive Summary

Channel partners can tap into a growing market opportunity for managed security services. IDC has developed a **partner assessment tool** to help partners better understand how well their business is placed to take advantage of the **managed security services opportunity** in this high-growth market. This assessment tool guides partners to progress from early to advanced stages of maturity across sales, services, marketing and security capabilities.

IDC Partner Assessment tool



IDC Partner Assessment Tool

What you need to be a profitable and growing MSP

There are massive opportunities for partners in the managed security services space.

This IDC Partner Assessment tool will help you discover how well your business is placed to take advantage of this.

Simply answer some quick-fire questions on how you currently approach sales, marketing, services and security, to receive a personalized assessment and set of key recommendations on taking your business to the next level.

Let's Go! →



IDC has also developed this series of Partner Transformation Guides to provide deeper insight into how partners need to transform to successfully run a managed security services business.

This edition describes the implications of offering managed security services for your services organisation. In particular, it focuses on the impact of realigning and setting up a partner **services organisation** to deliver managed security services in a subscription or consumption model.

The Market Opportunity for Managed Security Services

Managed security services is the fastest growing security services segment. IDC's Western Europe Security Services Forecast estimates the compound annual growth rate (CAGR) for managed security services at 14.1% in 2016–2021, far outpacing other security services. This growth is being driven by four key market dynamics:

Digital Transformation (DX)

European organisations are investing heavily in new technologies — especially cloud — to support their DX projects. They expect better performance from their IT and digital business innovation to remain competitive and be able to deliver new products, services and experiences to their customers. IT spending is undergoing a massive shift toward cloud and cloud-based solutions as well as emerging technologies such as Artificial Intelligence and the Internet of Things. These technologies promise better performance and greater agility, and as such they are the enablers of digital business innovation.



As European organizations struggle to hire IT security specialists to manage their environments, IDC predicts that, by 2021, MSS will grow 12% reaching

€8

billion in Europe alone

IDC European Security Services Forecast, 2019-2023
(IDC #EUR145782919, March 2020)

Increased Complexity

While investments in new technologies drive digital innovation and allow organisations to improve their competitive position, their successful deployment and integration also require organisations to manage much greater complexity. Increasingly, organisations will operate hybrid IT and multicloud environments. They leverage emerging technologies to gain business value from growing amounts of data. A necessarily more complex IT estate makes organisations subject to new vulnerabilities. As a result, organisations face a changing and increased threat potential.

Prioritising Security Investments

Security is a key business priority for European organisations as part of their DX initiatives. Increased threats and complexity therefore drive major security investment as DX forces customers to rethink their security strategies. Along with technology, security requirements are equally becoming more complex and solutions have to evolve accordingly. The top security concerns for organisations include data breaches, malware, denial-of-service attacks, and insecure interfaces and application programming interfaces (APIs). Organisations seek comprehensive solutions that help them mitigate threats and prevent business disruption and reputational damage.

A photograph of a person in a server room, wearing a light blue shirt and glasses, looking at a laptop. The room is filled with server racks, and the lighting is dim with blue and purple hues. The text is overlaid on the left side of the image.

Cybersecurity/data security expertise is the most sought-after skill in Europe according to IDC's Technology Skills Survey

Source: IDC's Technology Skills Survey, December 2018 (European responses)

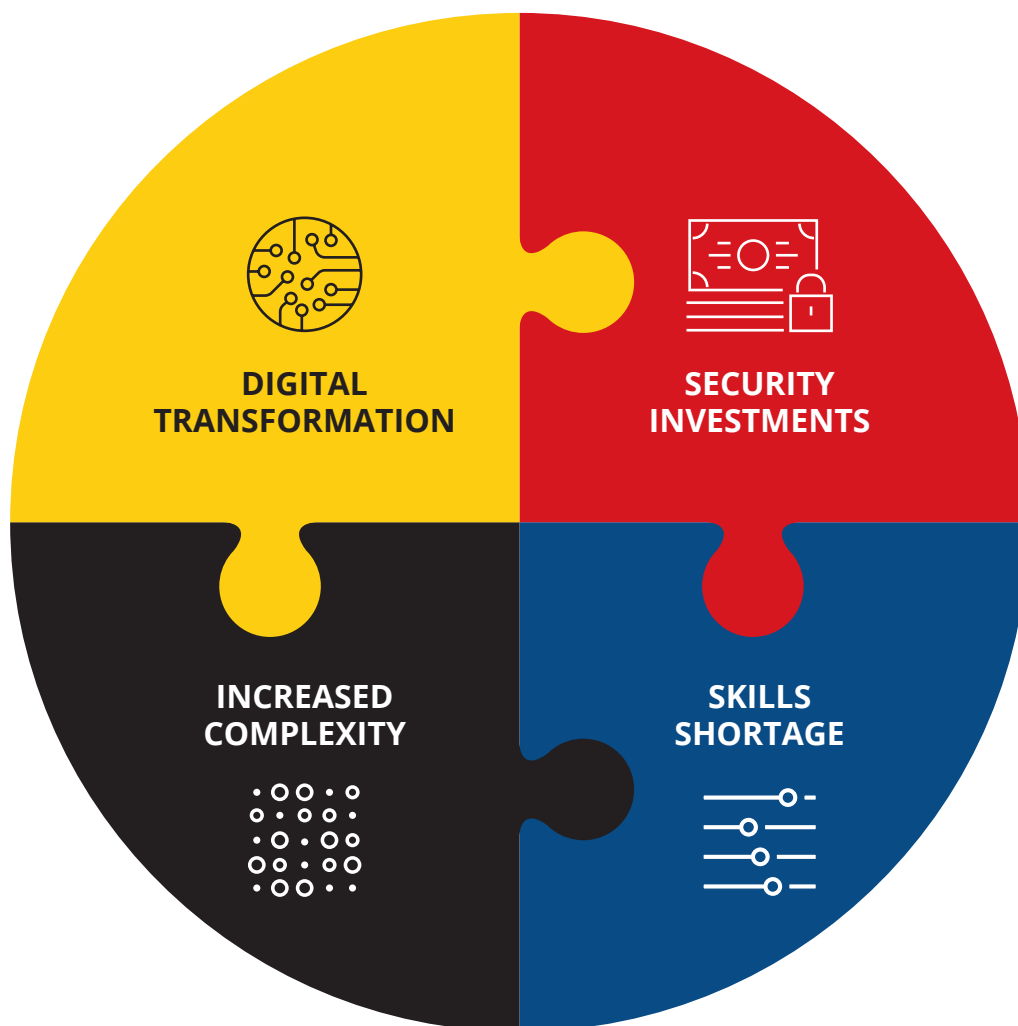
Skills Shortage

Successfully implementing DX initiatives requires organisations to manage increased complexity, but they are struggling to hire specialists with the right skills. This is particularly acute in the case of security skills, which are in high demand, but short supply. The changing nature of security operations, regulatory upheaval and a dynamic threat landscape add to this burden.

The Market Opportunity for Managed Security Services (cont'd)

The Channel Opportunity

These trends reinforce each other and create a **large market opportunity for businesses like yours** as organisations seek support from specialist partners. They will increasingly consider third-party security services providers to either augment their in-house capabilities or fully outsource the management of their IT security function. As a result, there is an opportunity to differentiate against competitors and open new revenue streams by building a practice to offer **managed security services**.



Services Transformation Strategy

Successfully delivering managed security services (MSS) requires organisational changes and key investments. Developing the necessary services capabilities should be guided by a transformation strategy that is tailored to your individual business and your ambitions.

The following sections detail key considerations across three transformation areas as you build up and grow your services capabilities. Specifically, this means:

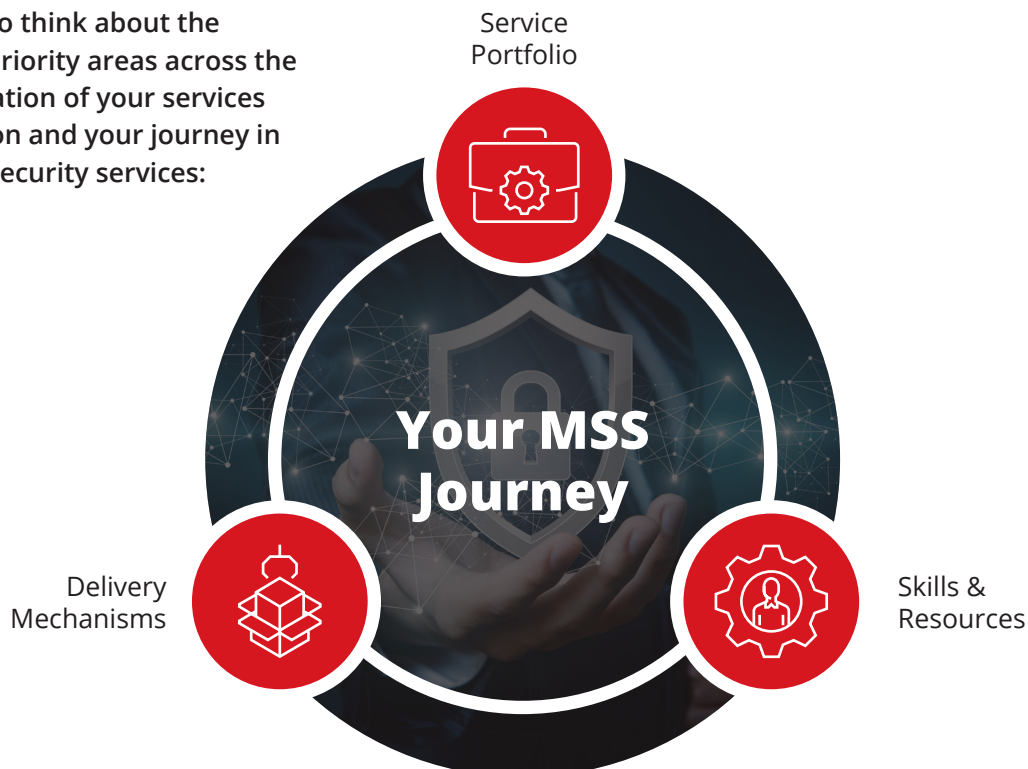
01 Defining and building out a **portfolio of services** (the “what”).

02 Developing the right mechanisms and capabilities to successfully and efficiently **deliver** these services (the “how”).

03 Growing, hiring, and retaining the right set of **skills and resources** across your organisation to serve your customers (the “who”).

While all partners need to tackle these transformation areas, your individual MSS journey will likely differ from other organisations. In fact, it is key that you follow an approach that is right for you given where you are today and where you want to be in the future. However, regardless of your ambitions, you need to have a transformation strategy, which should inform a detailed business plan to guide your journey.

You need to think about the following priority areas across the transformation of your services organisation and your journey in managed security services:



Services Portfolio



Your services portfolio will most immediately define you as a partner in managed security services. However, while some business partners have an exclusive focus on managed security and offer a vast portfolio of services, this is far from a requirement. Instead, partners like you can seize the opportunity in managed security services by offering a limited set of services that fits their current situation and business trajectory.

There is a broad and growing spectrum of offerings in the managed security space.

The illustration below shows an exemplary set of security services across maturity levels that partners may offer.

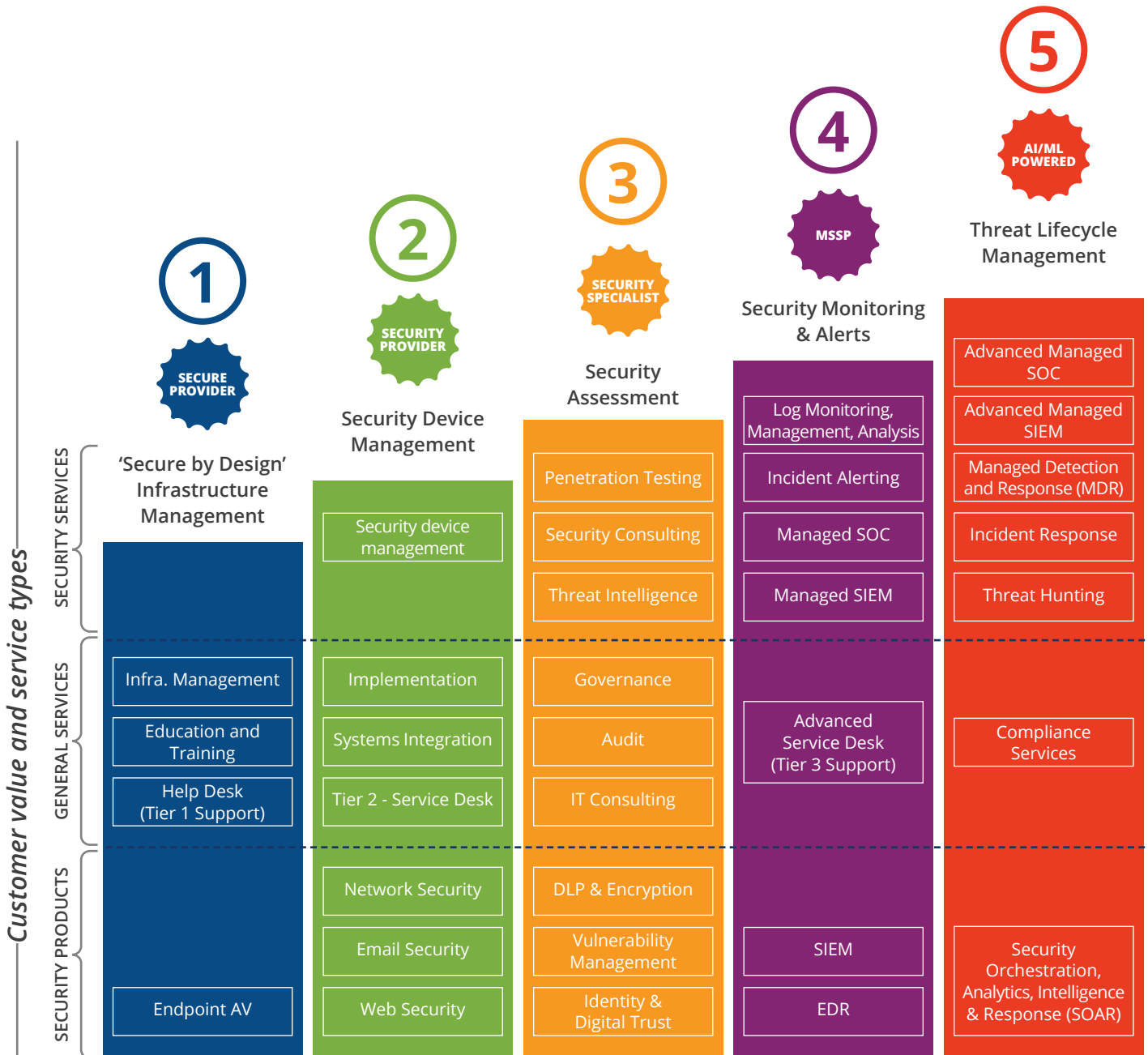
The managed security field includes a wealth of services and products that partners can offer to customers to add business value and at the same time benefit from a strong market opportunity.



To be clear, entering the managed security field does not require you to become a true managed security service provider (MSSP). It is perfectly fine to develop a limited security offering (e.g., endpoint AV, security device management) and integrate it into your existing business.

However, developing a set of offerings and growing a customer base in managed security does offer a path toward becoming an MSSP for partners with that ambition. Over time, and with increasing maturity, you can grow and extend your managed security business at a pace that is right for your organisation.

Spectrum of Partner Services According to Size and Maturity Level



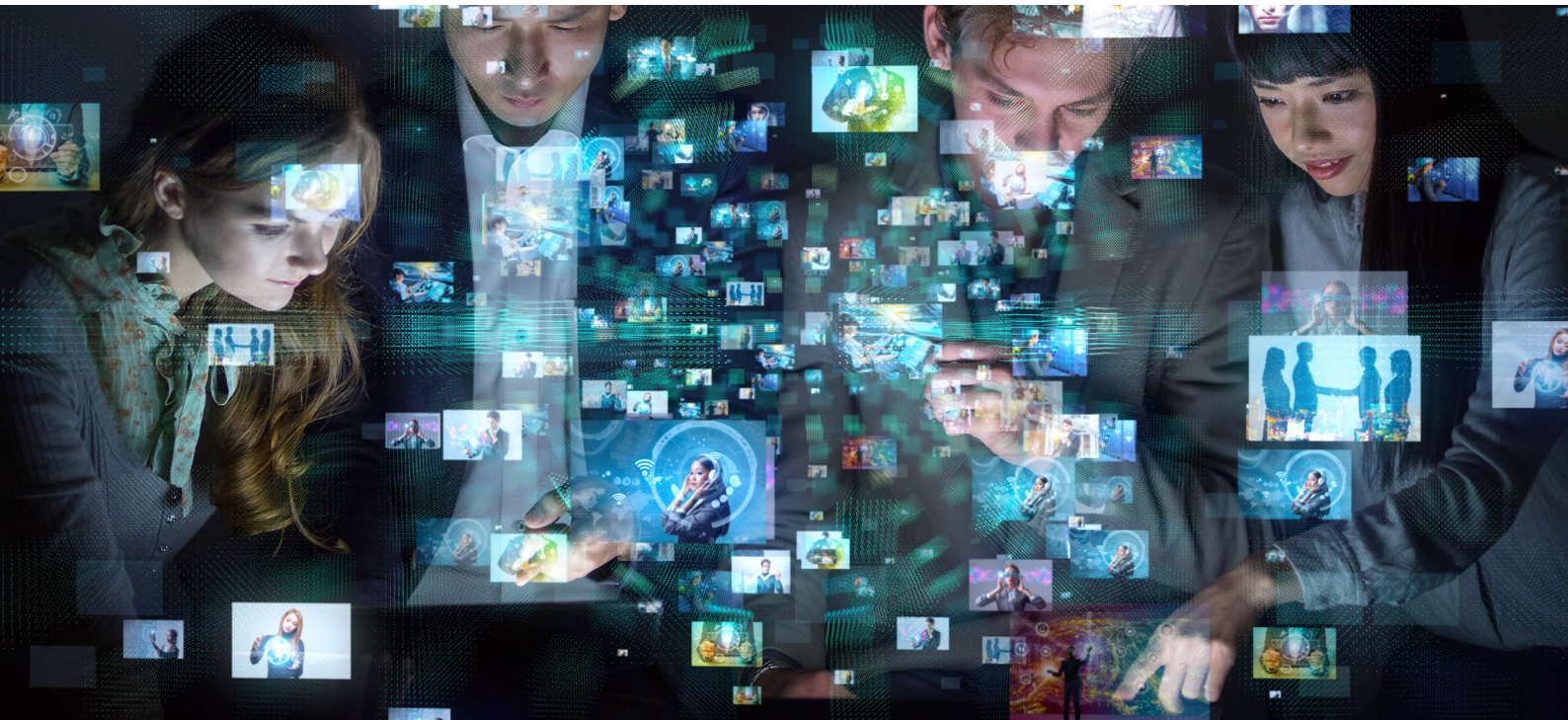
Partner maturity level, investment and business evolution

Building up Your Services Portfolio

Ultimately your portfolio of services will consist of a combination of:

- **Third-party managed services for resale**
- **Professional services**
- **Your own (packaged) managed services offering(s)**

As you begin your journey in managed security, you should look at your existing customer base, your current business and market trends to identify services that are of high demand and relevance to your clients. Look at both third-party managed services for resale and services you perform that can be packaged into your own managed services offering.



As you gain maturity, you will want to extend your portfolio to be able to offer an increasingly comprehensive set of services. You should also invest in complementary professional services tailored to your managed services offering.

Look at higher level third-party services that you can offer and that will resonate with your customer base. At the same time, identify gaps in your portfolio and service functions that can be developed into a packaged offering. In all of this it is key to be customer-led and to develop and sell services that add business value.

Over time, you should look at embedding your own packaged offerings into all lines of business as a services-attach option. An increasingly comprehensive set of offerings and the ability to bundle services will provide a significant pull-through opportunity as well as promote “stickiness” with your customers, which is key for success in the recurring revenue model.

Delivery Mechanisms



Successfully delivering MSS will require you to have the right delivery mechanisms in place. Core investment areas include:

Service desk

Investing in a dedicated service desk is key as it is the central function for your services delivery. The service desk is the main point of contact for your customers and provides first-line support. You should seek to extend support capabilities across your portfolio through standard helpdesk services.

Industry standards

It is critical to comply with major industry standards (e.g., PCI-DSS, ISO) in your services delivery to meet SLAs and establish trust with your customers. Ensure that you stay up-to-date with developments across the industry and seek to proactively adhere to standards.

Governance program

Consider investing in a governance program to implement best practices and offer services such as security architecture review, risk assessment, security audit assistance, and security awareness training.

As you mature, you will want to continue expanding your services delivery with investments in capabilities such as:

Support channels

Invest in advanced communication structures to offer your customers 24 x 7 global support through multiple channels such as email, call, and chat.

Advanced features

Offering a superior **customer experience** is critical for success in recurring revenue. Consider investing in advanced features to improve your service delivery capabilities. Examples for enhancements include self-provisioning capabilities, reporting tools, and sophisticated analytics. Moreover, consider offering flexible pricing models (e.g., consumption-based) and advanced billing capabilities.

Automation and repeatability

Success and profitability in managed services/recurring revenue depend on scale and efficiency. As you gain maturity, it is key to automate processes as much as possible and to build or invest in management tools to increase operational efficiency and reduce cost. Automating repetitive tasks ensures standardised delivery of services according to SLAs and frees up resources for higher level tasks and situations where personal contact is required. In addition to controlling cost and improving operational efficiency, you should also look for repeatability and opportunities to productise/package common services to help define new managed services. Therefore, throughout your managed security services journey it is key to invest in and focus on automation and repeatability.



Efficiency and evaluation

Be sure to track and analyse your operational processes in order to optimise and drive efficiency in your services delivery. Establish a continuous feedback loop and critically assess the value of your products and services. Don't be afraid to update your portfolio based on user feedback and commercial success.



Resources & Skills

Successfully delivering managed security services requires new resources and skills across your organisation. Key considerations include the following:

Dedicated MSP professionals

You need to build a team of dedicated professionals who can deliver your managed security services to your customers. This requires new skill sets both on a technical level — especially security expertise — but also consulting skills. It is vital that you can deliver business outcomes, which requires your team to develop relevant vertical skills and become increasingly familiar with your customers' businesses.

Services mindset

Successfully delivering managed services requires a new mindset. This means putting the customer first and practicing a consultative selling approach to help achieve desired business outcomes and facilitate a superior **customer experience (CX)**. CX is a cross-function that requires the sales, marketing and services teams to actively collaborate. Hire for and instil this new service-focused mindset across your organisation.

Skills shortages, recruitment and training

Bringing the right skills into your organisation will likely involve a hybrid strategy of hiring new specialists and retraining/cross-training in-house talent. Given the skills gap, in particular in security, it is key to leverage and develop talent internally as much as possible. Develop mechanisms to spot talent within the organisation and provide opportunities to acquire new skills and competencies and promote personal growth.



Certification

Investing in and having the right certifications across your services team is critical. Begin by assessing and prioritising the most relevant certifications based on your portfolio and customer base, but strive toward achieving and maintaining best-in-class certification standards to differentiate and build trust with your customers. Continue to up-certify to help build additional competencies and achieve specialisation across your organisation. Reach out to industry-leading vendor and distribution partners for guidance on training and certification programs.

New KPIs and incentives

It is important to put processes in place to monitor, record and analyse the performance of your services operations. Identify key performance indicators to track and align your operational performance against your profitability goals. Moreover, rethink compensation schemes to reward on, for example, customer outcomes and renewals. Consider a reward system to incentivise beneficial changes to your operations and service delivery.

Maturing Your MSS Business

As you aim to mature your managed security services business, assess the following considerations to help guide your journey:

Expand portfolio

As you gain expertise and grow your customer base, you should seek to expand your services portfolio and capabilities and optimise your value proposition to your customers. Identify gaps in your portfolio and combine third-party managed services for resale as well as your own professional and managed services to develop an increasingly comprehensive set of offerings. Over time, you may consider investing in and providing higher-level services, in particular more proactive security services that leverage technologies such as predictive analytics or cognitive systems for threat protection and prevention.

Automation and repeatability

Automation is key to running an efficient managed services business and developing higher-level services. Invest in tools to standardise and automate processes as much as possible to scale and increase your profitability, allowing you to reinvest in your continuous transformation.

Specialisation

As you mature in managed security services, you should consider specialising in one or more specific vertical industries and/or technology areas. A specialism will help you achieve greater differentiation and enable you to better deliver the business outcomes desired by your customers.

Intellectual property

As you gain maturity you should aim to build your own intellectual property (IP). Developing and commercialising your own IP is key both to differentiating against competitors and improving operational efficiency. Partner IP can drive some of the highest margins in the industry. IP can take various forms, including productised software, tooling for service delivery or a specific methodology. It is key to identify and document internal processes and knowledge, and turn them into a repeatable, branded asset. This process may, for example, result in the development of templates, deliverables or a specific software solution.



New routes to market

As you build new capabilities, it is key to scan the market for new commercial outlets, in particular cloud marketplaces. Buying behaviour continues to evolve and you need to be where your customers are.

Ecosystems

Technology solutions are increasingly developed within and supplied by ecosystems. As complexity increases and customers expect complete, end-to-end solutions, you should focus on what you do best and partner for the rest. This will require you to become part of ecosystems and to build alliances with other partners.

Call to Action



Getting started:

0–6 months

Recommendations to **get started** in managed security services



Pursuing growth:

6–18 months

Recommendations to **advance** in managed security services



Becoming mature:

18+ months

Recommendations to **excel** in managed security services

Getting Started: 0–6 Months

If you are starting out in managed security services, you should focus on the following:

Basic security services portfolio

Design a basic portfolio of security services. Look at your existing customer base and analyse market trends to identify hot spots. Consider and scan the market for third-party managed services for resale. Moreover, look into packaging existing services as a managed services offering. Consider partnering with other specialised companies to extend your offerings.

Service desk

Invest in a service desk to offer first-line support for managed services.

Certification and industry standards

Start certifying and incorporating industry minimum standards (e.g., PCI-DSS).

Finding support

Reach out to vendor partners (such as Trend Micro) and distributors for support on how to jumpstart your managed security services journey.



Pursuing Growth: 6–18 Months

As you gain experience and seek to expand and grow your managed security services business, you should focus on the following:

Expand the services portfolio

Perform a gap assessment to identify opportunities to expand your offering and invest in a more sophisticated services catalogue.

Pursue differentiation

Consider offering first-line support for managed services via a dedicated service desk. Differentiate your business through horizontal (e.g., deep security, cybersecurity, artificial intelligence) and vertical (e.g., financial services, government, healthcare) specialist certifications and reference architectures.

Repeatability and automation

Accelerate the repeatability of your services by investing in tools for services implementation, automation, and management.

Incorporate industry standards

Start to comply and move up the value chain by investing in industry and quality standards (such as ISO). Consider building a governance program and technical certification program that encourages technicians to up-certify and specialise.

Develop advanced features

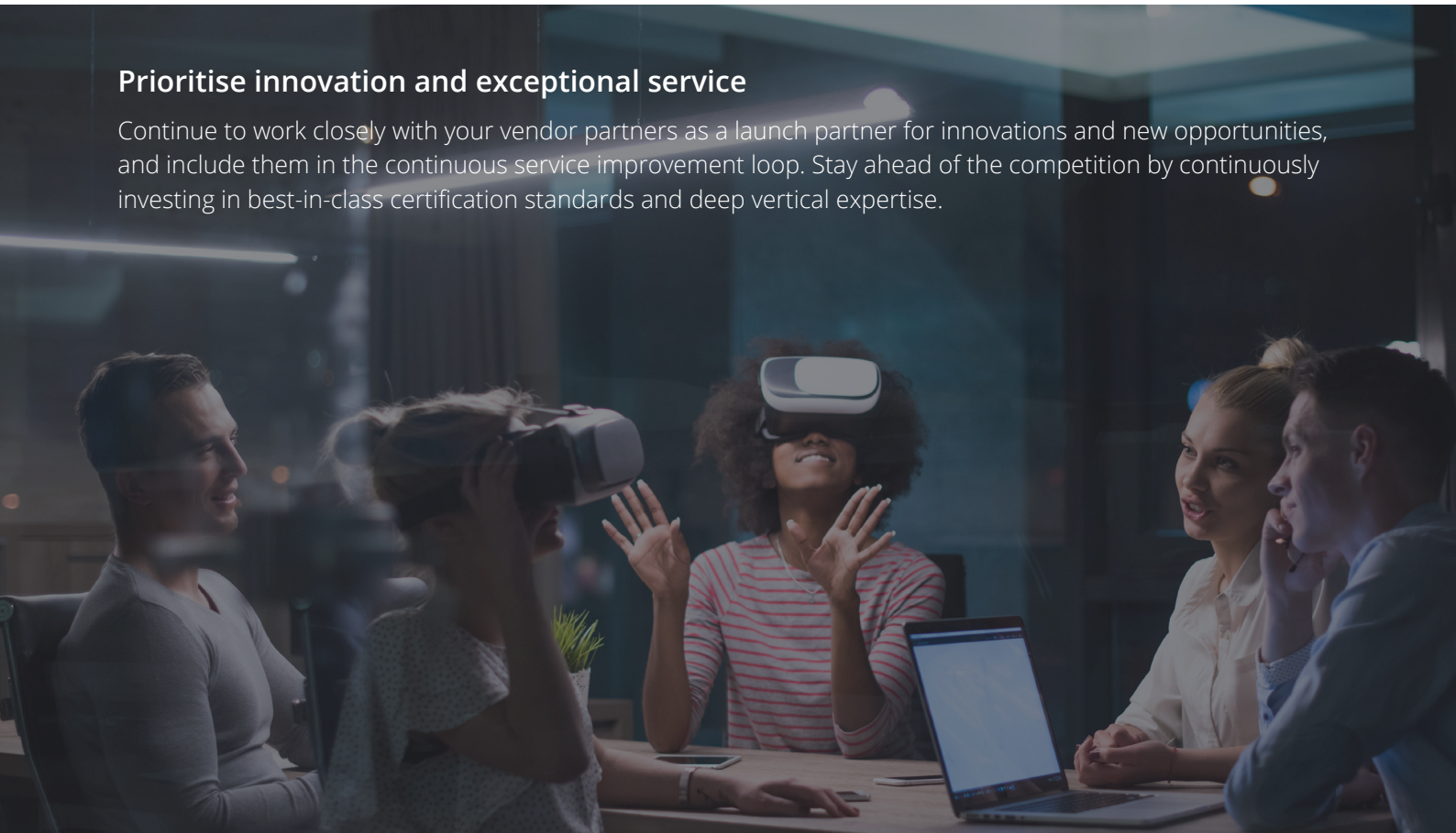
Start to incorporate more advanced services functions and features such as predictive fault management and 24x7 global support offered through multiple channels (email, call, chat). Expand your service delivery by incorporating more features such as self-provisioning and reporting in your service catalogue.

Becoming Mature: 18+ Months

As your managed security services business reaches maturity, you will want to focus on scaling and becoming a specialist service provider. The following priority areas should guide this process:

Prioritise innovation and exceptional service

Continue to work closely with your vendor partners as a launch partner for innovations and new opportunities, and include them in the continuous service improvement loop. Stay ahead of the competition by continuously investing in best-in-class certification standards and deep vertical expertise.



Fully incorporate advanced features

Enhance your services value proposition with sophisticated analytics, security by-design, and 24x7 omni-channel support, and extend this to all managed services in the portfolio. Invest in flexible consumption models and billing capabilities.

Optimise processes and deepen customer focus

Continue to automate your processes, and measure and respond to fluctuations in customer satisfaction. Deepen relationships with your customers, aligning your organisation with their changing requirements.

Optimise your go-to-market

Embed your managed services (as a services attach) into all lines of business (including professional services). Focus on driving profitability across all service functions. Discover and integrate new routes-to-market into your business, for example by participating in cloud marketplaces.

Learn More

Partner assessment tool: *Take the assessment test*



IDC InfoBrief: *How partners can seize the managed security services market opportunity in Europe*



Partner Transformation Guides



Get in touch with Trend Micro



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