

Managed Security Services Ready For Growth

(URL: <http://www.crn.com/managed-services/183701326>)

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3:00 PM EST Fri. Mar. 24, 2006

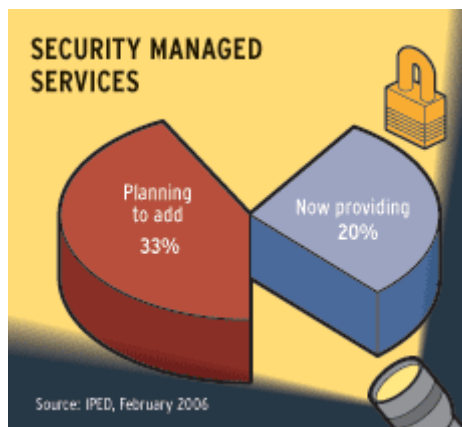
Security solution providers are jumping on the managed services bandwagon in growing numbers.

Currently only about 20 percent of solution providers that offer managed services reported offering security services, according to the IPED survey, making it the least most frequently offered managed service of the nine areas in the study.

But it was also the No. 1 fastest-growing area, with nearly one-third of solution providers that offer or planned to offer managed services indicating they would add managed security to their portfolios over the next 12 to 18 months.

That trend is particularly apparent among those already focused on security. InfiNetwork, a security specialist in southwestern Florida that targets professional services companies such as realtors, CPAs and lawyers, reports that about one-third of its approximately 100 clients were currently under managed service contracts. And InfiNetwork President Stephen Myers said he's not interested in bringing on any new customers that are not ready to embrace managed security.

"It's pretty much mandatory that any new [security] customer we take on now is a managed services customer," he said.



Myers said InfiNetwork, now a Platinum N-able Technologies partner, used to be a reactive, break fix shop until it made the decision two years ago to go into proactive managed security services. "Our goal now is to have 100 percent managed services customers," he said.

Security solution providers say the value proposition for them to move to managed services is clear.

"If you're just selling boxes, you're only as good as your last month," said Stuart Chandler, president and CEO of Optivior

Technologies, a Nortel Networks Elite Advantage Partner in Elkin City, Md. "But if you're locking a customer into a two-year managed services contract, now you have monthly recurring revenue coming in and you can forecast your profitability reliably. That's the key."

Chandler said two important advantages flow from that: Your company's value increases and your customer base gets solidified. "Once you sign a customer to a managed services contract, your retention rate is very high," he said.

Security solution provider Jenlor, Bridgeville, Pa., made the transition to managed

services after realizing it was literally walking away from new business at customer sites it already owned. Now Jenlor remotely manages about 100 firewalls and 15 networks.

“We started out in 2001 selling firewalls,” said Jenlor Managing Partner Bill Peters. “We’d install them and then walk away. We were really shooting from the hip. But that strategy doesn’t work well once you have a customer base.”

However, the value proposition for customers may not always be as clear as it is for solution providers. Peters said Jenlor doesn’t always lead with managed services because customers often fear that monthly cost and contract. “But when you paint the picture, they recognize that security is an ongoing process, not a onetime thing,” he said.

Solution providers said customers deploying WANs and those adopting VoIP are a prime target market for managed security solutions as well. “People like to see a managed WAN,” Peters said. “Companies that don’t have an IT staff but have multiple locations—that’s the sweet spot for us.”

As customers continue to adopt managed VoIP and network services, there will be a continuing shift toward managed security services as well. “The security managed services space is moving from a technology sell to a solutions sell—solving business problems,” said Steve Renda, senior vice president of sales and marketing at MXLogic, a Denver-based security managed services vendor.