

CRUSHING

THE OPPOSITION



The ultimate guide for a **Managed Service Provider**
to **win repeatedly** in a crowded and competitive market.

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Introduction: A Short Story...

THE FULL-PAGE AD

Luke Kendal glanced at the clock hanging above the kitchen table. “Ten after five. If I leave now, I can get a good hour and a half of uninterrupted work in,” he thought to himself. He then took the last sip of his coffee, grabbed his car keys, and quietly left the house without waking his sleeping wife and children.

As Luke drove to the office, he glanced in the mirror to check his appearance. His once dark brown beard and full head of hair had disappeared and been replaced with a receding hairline and beard that was nearly all grey in color.

“Wow, I am getting old,” he thought out loud. Luke wasn’t really that old. He was forty-one years young and in pretty good health. He liked to spend time in the outdoors with his family and really enjoyed watching baseball. His greatest passion, however, was technology.

Luke always loved tinkering with gadgets and staying on top of technology trends. He graduated from college with a degree in computer science over fifteen years ago and landed his first “real job” as a help desk technician working for the local hospital.

Luke was known by his friends and family as “the computer guy.” He would routinely supplement his paycheck from the hospital with side work from friends, family, and friends of family. Luke would help them set up a home PC or fix one that was broken. He was good at the work and really enjoyed helping people out.

About five years into his job at the hospital, he was approached by Ernie Mitchell, a friend of his Aunt Patty. Ernie owned a small realty firm in town and had just hired his ninth staff member. Ernie desperately needed some help setting up a computer network environment at his

office and asked Luke if he would do the job — only it would be part time and as needed.

Little did Luke know at the time, but Mitchell Realty would be the first official customer of Luke's IT support business.

Ernie Mitchell raved about Luke's capabilities to a few of his buddies at the local country club, and over the next year or so, Luke had landed a few more customers. It got to the point where he found it hard to work at the hospital and help all of his "clients," so he made the bold decision to quit his job and start his own information technology support business called LK Solutions. That decision was made about eleven years ago.

LK Solutions grew into a prominent Managed Service Provider and was on the verge of recording over \$5 Million in annual sales. Luke had logged incredibly long hours during the early years and had done an effective job building a company that now employed 22 people and offered IT support services to dozens of companies, schools, and healthcare providers.

Luke turned left into the business park where the LK Solutions office was located and parked his car. The entrance to his office was clearly marked with the company's logo and tagline underneath, which read "The Fastest IT Support in Town!"

Luke was excited to get to his office. It was early, he was the first employee at the office, and had a great opportunity to process payroll, do some invoicing, and get ready for the busy day ahead. As he walked to his office, he stopped at the mailroom to retrieve his mail from yesterday.

"What do we have here," he mumbled. "Junk mail... yesterday's newspaper... and — oh sweet! — a few checks!"

Luke spent the next hour catching up on his administration work and then turned his attention to the newspaper that was sitting on his stack of mail. He grabbed the business section and started to scan for interesting articles. As he turned the page, he was shocked to see a full-page ad promoting what appeared to be a new Managed Service

Provider who was located only a few miles down the road.

“Who are these guys?” Luke said to himself as he continued to review the ad.

“SpendLess IT Inc. We provide the best IT support services around, and for 30% less than the company you pay today!” Luke continued to read the advertisement out loud, “Call now to schedule your free consultation and start saving money now!”

Luke finished reading the advertisement and didn't really think much about it. His customers had been loyal to him over the years. He delivered on his promises and they continued to renew monthly support contracts with LK Solutions. Luke wasn't about to be intimidated by some new startup like SpendLess IT Inc.

He finished reading the paper, checked his email quickly, and then drafted an agenda for the morning meeting with his management team.

THE SALES APPOINTMENT

About a week passed since Luke Kendal had discovered the full-page advertisement in the newspaper which announced a new competitor who claimed to provide the same services as LK Solutions at a fraction of the cost. Luke had done a little research on this new MSP called SpendLess IT Inc since he had read the ad. He explored the website a bit and checked the member directory at the Chamber of Commerce to see if SpendLess IT Inc was a member.

Their website looked a little different than LK Solutions' website, but there was no doubt the two companies offered very similar services. Both advertised the ability to provide Managed IT Services which included helpdesk services, preventative maintenance work, Virtual CIO services, and system performance monitoring and alerting.

SpendLess IT Inc was also an active member of the Chamber of Commerce and had recently hosted a breakfast event and gave a

presentation about backup and recovery to other chamber members.

Nonetheless, Luke remained relatively unconcerned about their presence in his regional market until after a sales appointment he went on with his most productive salesperson, Emily.

“What just happened?” asked Emily as she and Luke exited the engineering firm they just met with. “Who the hell is SpendLess IT?” she asked Luke.

Luke did not answer her right away. He was still processing the meeting that just occurred between him, Emily, and Gina, the CEO of the Engineering Firm. Gina had called Emily a few days ago. She expressed a need for IT support service and asked if Emily would be available to meet about their needs. When Emily asked Gina how she had heard about LK Solutions, Gina had told her that a close friend had recommended Luke and his company to her.

Luke did not typically accompany Emily on her sales appointments. Emily had been working at LK Solutions for three years now and was more than capable of securing new customers and new managed service agreements all on her own. She was smart, likeable, and persistent. She listened well to prospective clients and knew exactly how to position LK Solutions in order to win an opportunity. In fact, she was currently bringing on about two new customers each month! But since Gina had said that “a friend recommended Luke and his company,” both Emily and Luke felt like this sales call could be a slam dunk if Luke was present.

The appointment with Gina started off like many other sales calls. Everyone briefly introduced themselves, Emily made small talk about the photos of Gina’s children on her desk, and then the real discussion began.

The tone of Gina’s voice got a little more serious and formal when she said, “I want to thank you both for coming in today to discuss our IT support needs.”

“Thank you for having us,” chimed Emily.

“Our support contract with our existing IT provider expires at the end of the month,” continued Gina. “And we are inclined to replace them with a new provider. We’ve already talked with one other Manage Service Provider... I’m not sure if you’ve heard of SpendLess IT?”

She glanced at Luke as he replied, “Yes, I have heard of them.”

“Ok,” replied Gina. “So, we’ve already received a proposal from them, and, in full transparency, we really liked what they gave us. But — I heard great things about LK Solutions from my friend who works at the food distributor in town and I wanted to discuss our needs with you and compare your proposal with SpendLess IT before making a final decision.”

Emily responded fairly quickly as she said, “We understand Gina. It is good practice for you to shop around. I’d love to learn more about your needs and provide you with a proposal!”

Luke remained silent at first then added, “Gina, may I ask who your friend is that recommended LK Solutions?”

“Sure,” said Gina. “It is Laura McCue.”

“Ah, ok.” said Luke, “We have worked with Laura and the food distributor for a few years. They are a really great customer. Thank you for letting me know it was Laura, I will be sure to send her a thank you note!”

“Gina,” interrupted Emily, “Can you tell us a little more about your company and what you need for IT Support?”

“Yes,” replied Gina. “We have 37 employees, but we need to support 42 computers. We also have 2 servers, 2 switches, and 1 router.”

Emily furiously took notes while Luke found it impressive that Gina knew that much about her IT assets.

“I would like 24/7 support, meaning we can call you at any time and get a response from your team within one hour. We also will need all our devices, PCs, and servers regularly patched. And I would like for you to monitor our entire computer network proactively and prevent

unexpected outages,” said Gina.

“Great,” said Emily, “our Managed Service Program provides all of this for a low monthly fee and we are the fastest IT support provider in town, so it will be easy for us to respond to service request in less than one hour!”

“That is wonderful,” said Gina in a pacifying tone. “You mentioned a ‘low monthly fee’ — based on what we’ve discussed do you have a ballpark idea of what your service would cost?”

Emily glanced at Luke and he nodded in approval. Emily said, “Gina, we would certainly want the opportunity to present a formal proposal, but I can tell you our services would be somewhere between \$3,900 and \$4,200 a month. Can I ask if that fits your budget?”

Gina responded, “Well, that is right around what we are paying our current service provider.” She paused as Emily smiled then finished her feedback with, “But... I have to tell you that the proposal from SpendLess IT was significantly less.”

Emily inquired, “How much is ‘significantly less’?”

Gina responded, “About a thousand dollars a month less.”

Luke entered the conversation, “I’m sure our program offers more than SpendLess IT. Could we ask a few questions about what they have included in their proposal?”

Gina, Luke, and Emily then spent the next hour discussing and comparing the managed service offerings between SpendLess IT Inc and LK Solutions. The result was that the two offerings were nearly identical.

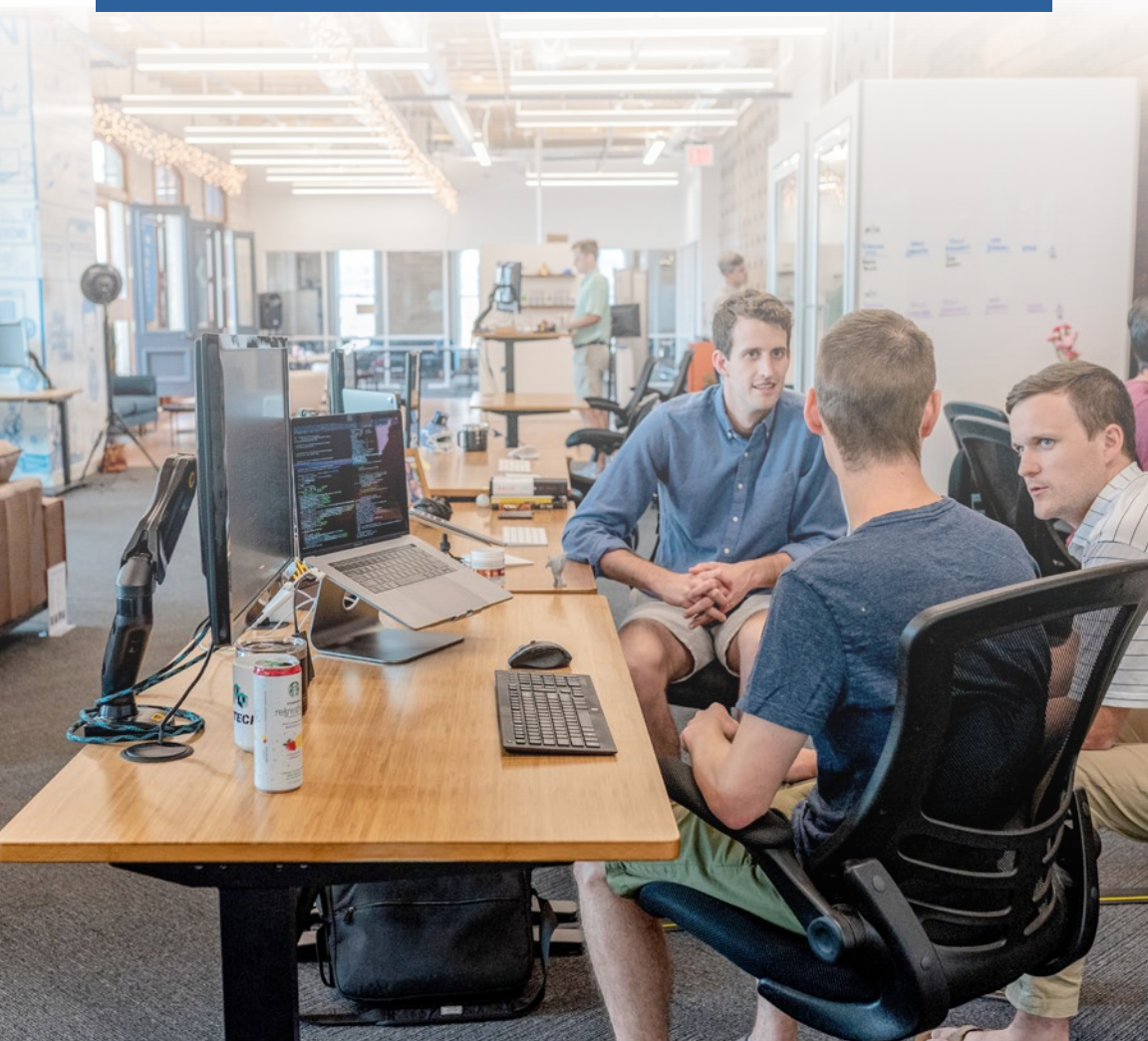
The sales appointment ended with Gina expressing her desire to get the best price and Emily offering to provide a formal proposal — best price and all — within 48 hours.

This sales call was anything but a slam dunk despite the referral from Laura at the food distributor.

Luke had a decision to make. Lower his price to win or stand firm and lose market share to what now appeared to be a disruptive competitor. He knew that there was no way to lower his anticipated costs of servicing Gina's Engineering Firm and that a decision to lower the price of his Managed Service Agreement would only result in less margin and profit for LK Solutions. But he hated the idea of losing to a competitor and discouraging Emily in the process. This decision would not be easy.

SpendLess IT was becoming a real threat to his business.

Luke had to do something to address this — and fast!



Commoditization: The Brutal Reality

The psychology of purchasing something is a fascinating topic of study. There have been dozens if not hundreds of books written on the topic, all of which suggest that there are many contributing factors associated with a human being's buying decision. For example, we know that people generally love to buy but hate being sold to. We also know that buyers are egocentric, as in they are interested in buying something if it helps them; it is about them and not you as the seller. We know that even the most pragmatic and logical purchasers still make buying decisions based on emotions such as greed, fear, pride, envy, and altruism. Lastly, we know that buyers focus on value.

Value of course is always relative. Not everyone values products or services in an identical manner. If you wish to win the heart of the buyer you must present value that is equal to or greater than the price of your product or service. In other words, your customer must think to themselves, "This is definitely worth the money."

Commoditization occurs when a product or service is widely available and generally interchangeable. If your customer can easily request 3-4 proposals for Managed Services from different MSPs — and the contents of each proposal is nearly identical — then you are operating in a very commoditized market.

In our story, Luke Kendal was feeling the pressure of commoditization. Although he felt that his MSP, LK Solutions, was a well-run MSP, his prospective customer, Gina, had a very hard time differentiating his managed service offering from the competitor's proposal. To Gina, LK Solutions and SpendLessIT Inc were essentially offering the same solution and, therefore, she was deciding based on price since price became the only way to differentiate the two proposals!

When a product or service becomes commoditized, the best way to create value (which is very important to our buyers) is to lower the price. Lowering the price without lowering expenses is detrimental to any

business model.

Think about it: If you were to go the grocery store and buy an apple, you would notice that there are lots of apples available for you to choose from. You narrow your decision down to a granny smith apple and then notice that there are two types of granny smith apples. One from farm “a” and the other from farm “b”. Upon inspection, both apples are ripe, neither are bruised, and there are no signs of worm holes either. They appear to be identical except the apple from farm “a” costs 25 cents more. Which apple do you buy? The one from farm “b” because it costs less.

What if you notice that the apple from farm “a” is certified organic? Well, now it is different from the apple produced by farm “b”. For 25 cents more, you have the assurance that the apple you buy from farm “a” has no harmful preservatives or pesticides. Now, all the sudden, the apple from farm “a” is more valuable than the one from farm “b” and you decide the extra 25 cents is a no-brainer.

If you own or operate an MSP that is surrounded by competition, you may already be feeling the effects of commoditization. Deals are typically won with a lower price, gross margins and profits are continuously eroded, and client retention is dependent on reducing the overall contract expense.

The easiest and most effective way to battle the effects of commoditization is to offer something of value that your competition will not or does not also offer to customers.

YOU HAVE TO **BECOME DIFFERENT!**

Remember, you and your competition all claim to provide the same services and you all claim to do it better than the next one. Need proof? Pick three of your top competitors and spend 10 minutes reviewing the content of their websites. What do you see? You will most likely see that they offer very similar products and services — similar enough that a potential customer would struggle to identify any radical differences between your MSP and the others. You will also notice that your

competitors are all claiming to “be the most responsive,” staffed with “the brightest and most credentialed technicians,” and committed to being a “Trusted Advisor,”— all the same value propositions that you deploy as well!

What actually makes you different? What will make a customer think, “Hmmm, now this is something that no one else can offer”? More importantly, what will make a customer think, “The higher price of this managed service agreement makes sense because I get more value”?

There are many good answers to the questions presented in the last paragraph. This guide, however, was drafted for MSPs to learn how to position themselves as cybersecurity experts and offer the VALUE of protection and risk reduction to customers.

Do you want to Crush the Opposition
and win repeatedly in a crowded and competitive market?
If so, continue reading...



The Practical Ways to Differentiate with Cybersecurity

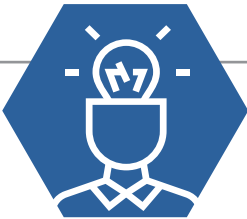
If you want to differentiate your *MSP* from the competition and win more customers without eroding your margins, then you must change your marketing strategy, change how you prospect for new customers, and approach your existing customers with a new conversation. Here are the practical ways you can accomplish this in the next thirty days.

CHANGE YOUR MARKETING STRATEGY

The outcome of your marketing efforts should result in two victories. One, you are positioned in the minds of your customers and prospective customers as the *MSP* who specializes in cybersecurity and can protect assets and reduce risk.

Two, you create a steady stream of leads from customers and prospects interested in purchasing your services.

Here are a few ideals that can help change your marketing strategy:



IDEAL 1: LEARN

Great marketing requires the marketer to possess a certain level of subject matter knowledge. If you wish to be known as the *MSP* who specializes in cybersecurity, then you best know something about cybersecurity. Start reading books, blogs, and whitepapers about

cybersecurity-related topics. Start attending industry conferences, events, and webinars. Start researching popular cybersecurity frameworks such as **NIST**, **ISO 27001**, and **COBIT**. Start appreciating and understanding regulation that mandates cybersecurity controls such as **HIPAA**, **PCI-DDS**, **Sarbanes Oxley**, etc.

*Most importantly – take advantage of the **unlimited and FREE training** that Cyberstone makes available to all reseller partners. Cyberstone will teach you all about the cybersecurity landscape and provide you with the knowledge you need to be the subject matter expert you desire to be.*

IDEAL 2: MAKE THE ANNOUNCEMENT



Let the world know that you are an **MSP** specializing in cybersecurity. Send the press and media a formal PR announcement declaring your new cybersecurity consulting practice. Put the new offerings in your marketing collateral and be sure to update your website too. Include the announcement in the monthly newsletter you send customers. Tell everyone about your new expertise!

*Again – take advantage of your partnership with Cyberstone. Cyberstone provides **PR announcement templates, website copy, and marketing collateral** that can be white labeled by all reseller partners.*



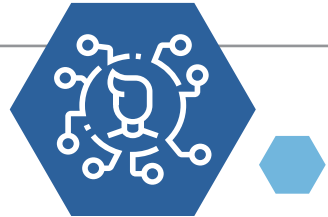
IDEAL 3: TEACH

Host marketing events that educate customers and prospects about cybersecurity. Help them understand the current landscape of threats

that exist and how your **MSP** can help protect their assets and reduce their risk.

*Cyberstone provides **template presentations and webinars** that reseller partners can use to teach customers and prospects with. We are also happy to do the presentation for you or with you!*

IDEAL 4: GET SOCIAL



Ideal 4: Get Social. Enhance your new brand identity by regularly posting about cybersecurity and your unique solutions on social media platforms. Write a blog once a month that promotes your **MSP** as the cybersecurity experts.

Use the social media copy and blog templates available to all Cyberstone partners to conquer this task in a matter of minutes each week!



IDEAL 5: UPDATE YOUR TAG LINE

Ideal 5: Update your Tag Line. Replace the catchphrase or slogan that appears after your logo today with one that differentiates you from the other **MSPs** in your market. Try these for example:

"[Insert name of your MSP], defending you from hackers."

"[Insert name of your MSP], a cybersecurity centric MSP."

"[Insert name of your MSP], protecting your assets and reducing your risk."

"[Insert name of your MSP], information technology assurance."

CHANGE YOUR SALES
PROSPECTING STRATEGY

The outcome of your sales prospecting effort should yield a long list of new customers who value the services you provide and are happy to pay for them.

Here are a few ideals that can help change your sales prospecting strategy:



IDEAL 1: BE TARGETED

Specializing in cybersecurity as an **MSP** can be very attractive to prospective customers that operate in a regulated industry. These types of organizations are mandated by federal, state, or local legislation to maintain cybersecurity programs and effective cybersecurity controls. Many of them are routinely audited by outside forces to verify compliance with regulatory demands. These same organizations still maintain a need for all the benefits provided by a typical Managed Service Agreement, only they need a provider who can assist with security and compliance too. An **MSP** with a strong cybersecurity offering will certainly be perceived as more valuable than one who has no cybersecurity offering.

Some regulated industries include **(1) Healthcare, (2) Finance and Banking, (3) Education, (4) Insurance, (5) Federal / State Contractors** – especially manufacturing, and (6) Public Utilities.

*Satisfying compliance needs is the number one buying circumstance for selling cybersecurity! **Become a cybersecurity expert** and target these industries!*



IDEAL 2: LEAD WITH CYBERSECURITY

How do you secure the first sales appointment with a prospective customer? What is it that you say that will make them enthusiastic to meet with you?

The single fastest way to secure a new sales appointment as an MSP is to lead with cybersecurity. Why? Because the topic is fresh, relevant, scary, and hard to understand. Executives need help and they are willing to spend time meeting with you to get it. Think about asking this during the next cold call you make: "Hi, I am calling you today because computer hackers are targeting organizations like yours and I want to know if you have a cybersecurity program in place that protects you and reduces your risk?" The prospective customer will take the appointment and once you have that first appointment, you have an opportunity to discover all kinds of needs and ultimately sell all kinds of solutions.



IDEAL 3: CAPTURE A COMMUNITY

Community means a unified body of individuals. Examples of communities could be an industry association, a professional organization, or even a local chamber of commerce. The strategy is to join the community as the only cybersecurity expert. You now have an uncontested market to sell to. There are probably two or three **MSPs** that are already members of the community you choose, but none of them can offer high level cybersecurity engagements like Penetration Testing or Risk Management. You are different; you therefore stand out in a crowded room of vendors and will attract more attention from community membership.

Communities also tend to purchase services based on the concept of social proof. If one member decides to become your customer, then other members will decide to become your customer too. Go be the cybersecurity expert in a community!

IDEAL 4: LEVERAGE THE SELLING PROPOSITION



Ideal 4: Leverage the Selling Proposition. Stop telling prospective customers that you are the best choice because your response to their service requests is fast. Stop telling them that you have the most credentialed and brightest technical talent. And please, stop telling them that you are a “Trusted Advisor.” All those claims are probably very true – but you sound the same as everyone of your competitors! Instead, say something different.

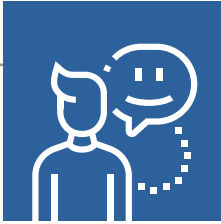
*Tell your prospective clients that you are an **MSP** that protects them from cyber threats and reduces their risk. Tell them that you can build them a comprehensive cybersecurity program. Tell them that you keep organizations safe from computer hackers!*

This will truly become a UNIQUE selling proposition.

EXISTING CUSTOMERS

It is far easier to grow revenue in existing customer accounts than it is to secure new customers. A successful business model for any MSP requires that existing customers are retained and that they continue to purchase more products and services as time goes on.

Here are a few ideals that can help you grow and retain existing clients:



IDEAL 1: HAVE THE CONVERSATION

If your customer were to suffer from a cybersecurity incident, or worse yet, a data breach under the watchful eye of the Managed Services you provide each month – you will most certainly be to blame. That's a brutal reality.

Most Managed Service Agreements do not make a commitment to prevent or eliminate cyber attacks or incidents. Instead, most make commitments to (1) respond to service requests, (2) monitor assets, (3) patch assets, and perhaps (4) provide some type of vCIO consulting services.

Customers still believe that as their outsourced IT department, your MSP is responsible for protecting their assets and reducing their risk. You will be blamed if they have an incident and it is not fair at all!

You must visit each one of your existing Managed Service customers and **have the conversation**. Be proactive about cybersecurity with your customer, not reactive.

It goes something like this, *“Mrs. Customer, I know you probably think that my organization is providing adequate protection from the vast array of sophisticated and persistent cyber attacks that exist, but the reality is, we are not. Sure, we manage some cybersecurity controls like your firewall, and anti-virus, but we have not built a robust cybersecurity program – one that is based on organizational risk and governed by policy. We have not tested existing controls to see if they are effective and we are not in a position to claim that you are safe and secure. The last thing I want is for either of us to be caught by surprise when a computer hacker is able to compromise security controls and*

gain access to your systems. Instead, I would like an opportunity to not only be your outsourced IT department, but also be your outsourced cybersecurity department too. Can we discuss what it would take to build an effective cybersecurity program that reduces risk and protects your organization from cyber threats?"

It is better to have this conversation before the customer falls victim to a cybersecurity attack versus after. Why?

- You are only telling them the truth and it comes across as honest and sincere.
- You really do want to help them secure the environment, but you must get paid to provide that value.
- It provides clarity about the services you provide under your existing agreement and the services that are excluded.



IDEAL 2: QBR AGENDA

Ideal 2: QBR Agenda. Discuss your new Cybersecurity during your Quarterly Business Review (QBR) with existing customers. Help them understand the risks that are present and more importantly how you can now help to eliminate or mitigate those risks. Explain to them that cybersecurity can no longer be ignored, and you would be irresponsible to not discuss the topic with them. Tell them you would like to start building them a cybersecurity program and explore how you should get started together.



IDEAL 3: ASK FOR POLICIES

Ask for Policies. Ask your customers for their information security policies. Explain to them that you want your employees to be aware of any rules or guidelines they have established with respect to cybersecurity related controls or procedures.

Most clients will tell you that they have no Information Security Policies. You can respond in a state of shock and awe and request that you meet immediately to discuss the importance of information security policies and the importance of building a great cybersecurity program.

IDEAL 4: MANDATE CYBERSECURITY



Many Managed Service Providers mandate that their customers have a network environment that is in alignment with an “approved hardware / software stack.” The mantra is simple: if you do not have the devices and systems that we are certified to support, then we cannot do a great job supporting you. If you would like us to support you, then please allow us to replace hardware and software in your environment so that it meets our minimum requirements to provide service.

*You can mandate that your customer address cybersecurity too! It becomes a requirement to do business with your **MSP**. You know it is in the best interest of your customers to build and maintain effective cybersecurity programs, so make it mandatory.*



IDEAL 4: BUNDLE SERVICES

Add cybersecurity services to your managed service agreements. Provide an annual risk assessment, quarterly vulnerability scanning, and an annual penetration test as part of the overall managed service agreement. This is a great way to differentiate yourself from the competition. It is also a great way to increase your overall Monthly Recurring Revenue (MRR) and it will definitely provide more value. Cybersecurity becomes another service that can be bolted onto any Managed Service Agreement!

In addition, a safe and secure customer network will ultimately lead to fewer service calls and reduced effort required to service that customer.



Partnering with Cyberstone

Managed Service Providers operate in a crowded and competitive market. It seems like every week there is a new MSP in town who is fixated on stealing away your customers. And, typically, the competition is attracting your customers by offering a lower price for providing the same services.

How do you battle the pressure to reduce your price just to retain clients?

How do you differentiate yourself from the disruptive price slashing competition?

YOU PARTNER WITH **CYBERSTONE.**

Cyberstone is a cybersecurity company that enables Managed Service Providers to offer high-end cybersecurity consulting engagements to their customers.

As a Cyberstone partner, your MSP can offer customers “white label” services such as:

- Baseline Cybersecurity Assessments,
- Threat and Vulnerability Identification
- Risk Management Services
- Policy Development
- Cybersecurity Awareness Training
- Comprehensive Penetration Testing

Offering cybersecurity services to your customers will immediately differentiate your MSP from the onslaught of competitors offering nothing more than a lower price.

Your services are no longer seen by the customer as being similar. The competition offers help desk services and IT maintenance — you offer risk reduction and protection from cybersecurity threats.

Price is no longer the deciding factor.

Margin erosion is no longer a threat.

Customer retention becomes easy.

There is no cost or commitment to becoming a Cyberstone partner.

SIGN UP TO BE PARTNER TODAY AT

<https://www.cyberstonesecurity.com/partners/>
or email info@cyberstonesecurity.com