



# Creating your Managed Services Agreement

*Blueprint For Success*

## Introduction

In this document, you will find information to help you understand the importance of creating and utilizing a Managed Services Agreement to help clearly define the scope of your services, set appropriate expectations and record the common understanding of each party’s responsibilities in the service relationship.

## Contents

- Introduction..... 1
  - What are Managed Services Agreements? ..... 3
  - Components of a Managed Services Agreement ..... 4
- The Managed Services Agreement..... 5
  - Definition of Services..... 5
  - Term of the Agreement ..... 5
  - Fees and Payment Schedule..... 5
  - Taxes ..... 5
  - Coverage hours..... 5
  - Exclusions ..... 5
  - Minimum Standards ..... 5
  - Problem Management Process ..... 5
  - Response and Resolution ..... 5
  - Limitation of Liability/Confidentiality..... 5
  - Covered Users and Equipment..... 5
- Sample Managed Services Agreement..... 6



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# Creating your Managed Services Agreement

*Blueprint For Success*

Appendix A..... 11

    Response and Resolution Times..... 11

    Support Tiers ..... 12

    Service Request Escalation Procedure ..... 13

Appendix B..... 15

    Covered Equipment..... 19

    Benefits of utilizing Managed Services Agreements ..... 19

Conclusion ..... 20



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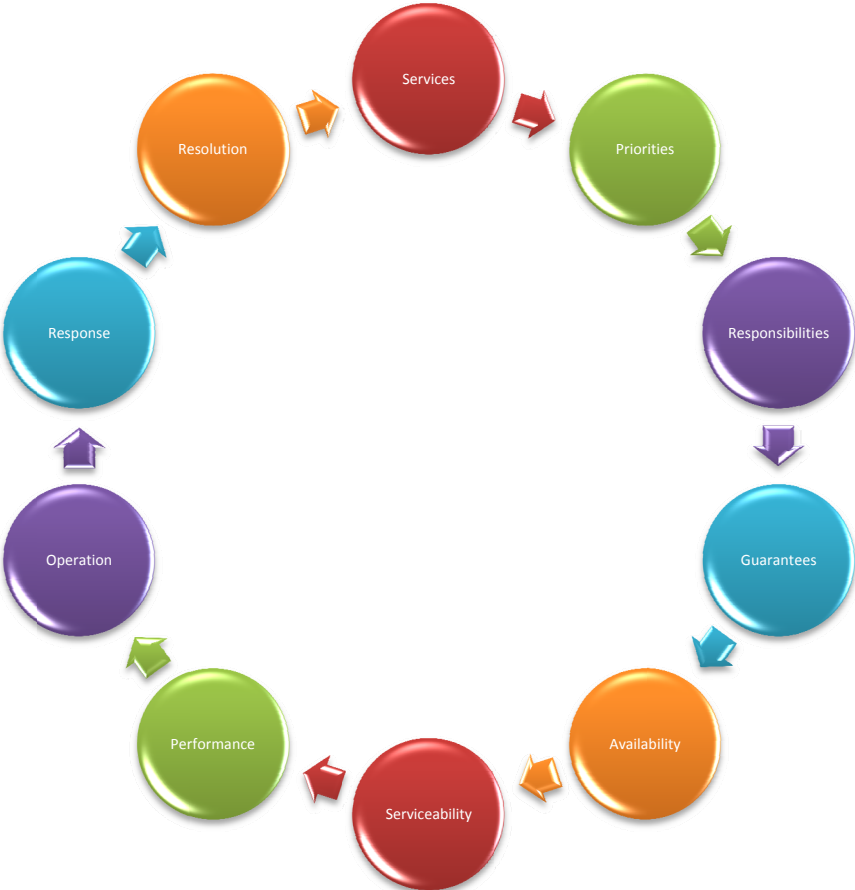
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## ***What are Managed Services Agreements?***

The Service Provider's Managed Services Agreement is the contract that binds their level of service between themselves and their client, and records the common understanding regarding the following:

- Services
- Priorities
- Responsibilities
- Guarantees
- Availability
- Serviceability
- Performance
- Operation
- Response
- Resolution

### **Definition**





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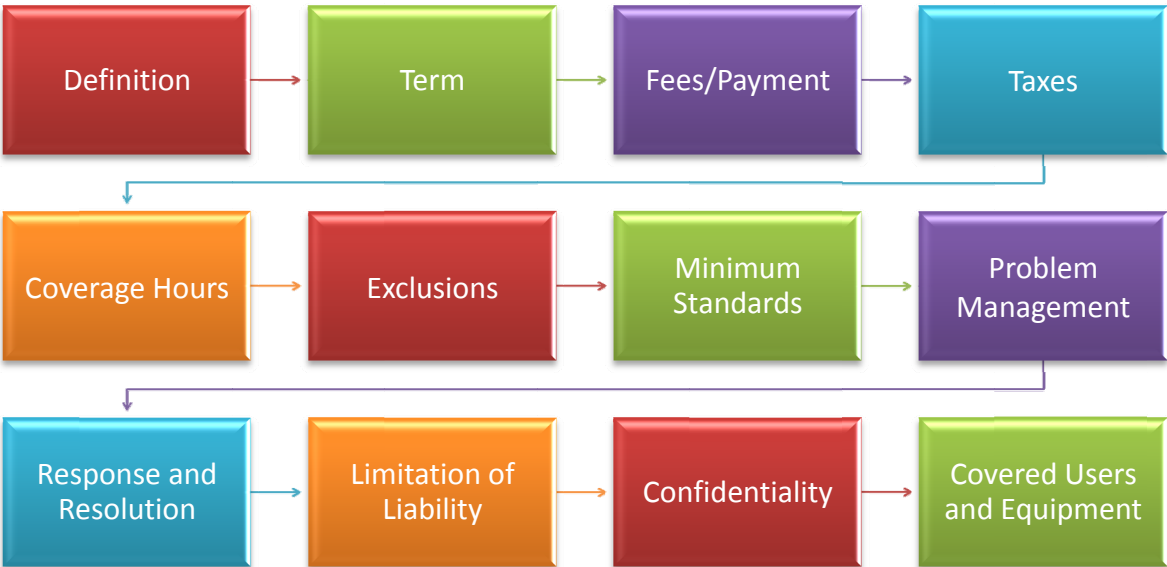
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## **Components of a Managed Services Agreement**

Managed Services Agreements are commonly segmented to include the following:

- Definition of services
- Term of agreement
- Fees and payment schedule
- Taxes
- Coverage hours
- Exclusions
- Minimum Standards
- Problem management
- Response and resolution times
- Limitation of liability
- Confidentiality
- Covered users, equipment and/or services

## **Components of the Agreement**



It is important that you have your Legal team or Attorney review each and every form and document utilized in your business practice to make certain that your rights, as well as your clients', are protected.



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## ***The Managed Services Agreement***

### **Definition of Services**

This section of the Agreement should provide a high-level overview of the services embodied in the Agreement, which will be broken down in detail in subsequent sections of the document.

### **Term of the Agreement**

This section of the Agreement will spell out the term, as well as termination clauses of the Agreement.

### **Fees and Payment Schedule**

This section of the Agreement contains the fee for services, as well as payment schedule.

### **Taxes**

This section of the Agreement documents the service provider's policy regarding collection of any required taxes for services rendered.

### **Coverage hours**

This section of the Agreement documents the service provider's hours of coverage under the Agreement.

### **Exclusions**

This section of the Agreement documents services that are specifically excluded from the Agreement.

### **Minimum Standards**

This section of the Agreement establishes minimum standards required to deliver services, and may include requirements for operating systems, applications and their versions, patch and update levels and equipment and hardware states, along with other factors.

### **Problem Management Process**

This section of the Agreement illustrates for the client the service provider's problem management process.

### **Response and Resolution**

This section of the Agreement documents the service provider's problem categorization process and resultant response and resolution times for service requests.

### **Limitation of Liability/Confidentiality**

These sections of the Agreement contain the service provider's limitation of liability clause and confidentiality policy.

### **Covered Users and Equipment**

This section of the Agreement documents all users, equipment, vendors and services covered under the Agreement.



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## Sample Managed Services Agreement

The following is a sample Managed Services Agreement for instructional and informational purposes only, and is not recommended, or warranted for use. Always have legal counsel review any and all Agreements or documents prior to utilizing them in your service practice. Local laws and liabilities can never be fully addressed by any type of generic document, including this sample Managed Services Agreement.

### 1. Term of Agreement

This Agreement between \_\_\_\_\_, herein referred to as Client, and \_\_\_\_\_, hereinafter referred to as Service Provider, is effective upon the date signed, shall remain in force for a period of three years, and be reviewed annually to address any necessary adjustments or modifications. Should adjustments or modifications be required that increase the monthly fees paid for the services rendered under this Agreement, these increases will not exceed \_\_\_\_\_% of the value of the existing monthly fees due under this Agreement. The Service Agreement automatically renews for a subsequent three year term beginning on the day immediately following the end of the Initial Term, unless either party gives the other ninety (90) days prior written notice of its intent not to renew this Agreement.

- a) This Agreement may be terminated by the Client upon ninety (90) days written notice if the Service Provider:
  - i. Fails to fulfill in any material respect its obligations under this Agreement and does not cure such failure within thirty (30) days of receipt of such written notice.
  - ii. Breaches any material term or condition of this Agreement and fails to remedy such breach within thirty (30) days of receipt of such written notice.
  - iii. Terminates or suspends its business operations, unless it is succeeded by a permitted assignee under this Agreement.
- b) This Agreement may be terminated by the Service Provider upon ninety (90) days written notice to the Client.
- c) If either party terminates this Agreement, Service Provider will assist Client in the orderly termination of services, including timely transfer of the services to another designated provider. Client agrees to pay Service Provider the actual costs of rendering such assistance.

### 2. Fees and Payment Schedule

Fees will be \$\_\_\_\_\_ per month, invoiced to Client on a Monthly basis, and will become due and payable on the first day of each month. The first month will include an additional one-time setup fee equal to the monthly service fee. Services will be suspended if payment is not received within 5 days following date due. Refer to Appendix B for services covered by the monthly fee under the terms of this Agreement.

*It is understood that any and all Services requested by Client that fall outside of the terms of this Agreement will be considered Projects, and will be quoted and billed as separate, individual Services.*



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### 3. Taxes

It is understood that any Federal, State or Local Taxes applicable shall be added to each invoice for services or materials rendered under this Agreement. Client shall pay any such taxes unless a valid exemption certificate is furnished to Service Provider for the state of use.

### 4. Coverage

Remote Helpdesk and Vendor Management of Client's IT networks will be provided to the Client by Service Provider through remote means between the hours of 8:00 am – 5:00 pm Monday through Friday, excluding public holidays. Network Monitoring Services will be provided 24/7/365. All services qualifying under these conditions, as well as Services that fall outside this scope will fall under the provisions of Appendix B. Hardware costs of any kind are not covered under the terms of this Agreement.

#### ***Support and Escalation***

Service Provider will respond to Client's Trouble Tickets under the provisions of Appendix A, and with best effort after hours or on holidays. Trouble Tickets must be opened by Client's designated I.T. Contact Person, by email to our Help Desk, or by phone if email is unavailable. Each call will be assigned a Trouble Ticket number for tracking. Our escalation process is detailed in Appendix A.

#### ***Service outside Normal Working Hours***

Emergency services performed outside of the hours of 8:00 am – 5:00 pm Monday through Friday, excluding public holidays, shall be subject to provisions of Appendix B.

#### ***Service Calls Where No Trouble is found***

If Client requests onsite service and no problem is found or reproduced, Client shall be billed at the current applicable rates as indicated in Appendix B.

#### ***Limitation of Liability***

In no event shall Service Provider be held liable for indirect, special, incidental or consequential damages arising out of service provided hereunder, including but not limited to loss of profits or revenue, loss of use of equipment, lost data, costs of substitute equipment, or other costs.

### 5. Additional Maintenance Services

#### ***Hardware/System Support***

Service Provider shall provide support of all hardware and systems specified in Appendix B, provided that all Hardware is covered under a currently active Vendor Support Contract; or replaceable parts be readily available, and all Software be



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*Blueprint For Success*

Genuine, Currently Licensed and Vendor-Supported. Should any hardware or systems fail to meet these provisions, they will be excluded from this Service Agreement. Should 3<sup>rd</sup> Party Vendor Support Charges be required in order to resolve any issues, these will be passed on to the Client after first receiving the Client's authorization to incur them.

## ***Virus Recovery for Current, Licensed Antivirus protected systems***

Attempted recovery from damages caused by virus infection not detected and quarantined by the latest Antivirus definitions is covered under the terms of this Agreement. This Service is limited to those systems protected with a currently licensed, Vendor-supported Antivirus solution.

## ***Monitoring Services***

Service Provider will provide ongoing monitoring and security services of all critical devices as indicated in Appendix B. Service Provider will provide monthly reports as well as document critical alerts, scans and event resolutions to Client. Should a problem be discovered during monitoring, Service Provider shall make every attempt to rectify the condition in a timely manner through remote means.

## **6. Suitability of Existing Environment**

### ***Minimum Standards Required for Services***

In order for Client's existing environment to qualify for Service Provider's Managed Services, the following requirements must be met:

1. All Servers with Microsoft Windows Operating Systems must be running Windows 2000 Server or later, and have all of the latest Microsoft Service Packs and Critical Updates installed.
2. All Desktop PC's and Notebooks/Laptops with Microsoft Windows Operating Systems must be running Windows XP Pro or later, and have all of the latest Microsoft Service Packs and Critical Updates installed.
3. All Server and Desktop Software must be Genuine, Licensed and Vendor-Supported.
4. The environment must have a currently licensed, up-to-date and Vendor-Supported Server-based Antivirus Solution protecting all Servers, Desktops, Notebooks/Laptops, and Email.
5. The environment must have a currently licensed, Vendor-Supported Server-based Backup Solution that can be monitored, and send notifications on job failures and successes.
6. The environment must have a currently licensed, Vendor-Supported Hardware Firewall between the Internal Network and the Internet.
7. All Wireless data traffic in the environment must be securely encrypted.
8. There must be an outside static IP address assigned to a network device, allowing RDP or VPN access.

***Costs required to bring Client's environment up to these Minimum Standards are not included in this Agreement.***



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## 7. Excluded Services

Service rendered under this Agreement does not include:

- 1) Parts, equipment or software not covered by vendor/manufacturer warranty or support.
- 2) The cost of any parts, equipment, or shipping charges of any kind.
- 3) The cost of any Software, Licensing, or Software Renewal or Upgrade Fees of any kind.
- 4) The cost of any 3<sup>rd</sup> Party Vendor or Manufacturer Support or Incident Fees of any kind.
- 5) The cost to bring Client's environment up to minimum standards required for Services.
- 6) Failure due to acts of God, building modifications, power failures or other adverse environmental conditions or factors.
- 7) Service and repair made necessary by the alteration or modification of equipment other than that authorized by Service Provider, including alterations, software installations or modifications of equipment made by Client's employees or anyone other than Service Provider.
- 8) Maintenance of Applications software packages, whether acquired from Service Provider or any other source unless as specified in Appendix B.
- 9) Programming (modification of software code) and program (software) maintenance unless as specified in Appendix B.
- 10) Training Services of any kind.

## 8. Confidentiality

Service Provider and its agents will not use or disclose Client information, except as necessary to or consistent with providing the contracted services, and will protect against unauthorized use.

## 9. Miscellaneous

This Agreement shall be governed by the laws of the State of \_\_\_\_\_. It constitutes the entire Agreement between Client and Service Provider for monitoring/maintenance/service of all equipment listed in "Appendix B." Its terms and conditions shall prevail should there be any variance with the terms and conditions of any order submitted by Client.

Service Provider is not responsible for failure to render services due to circumstances beyond its control including, but not limited to, acts of God.



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**Appendix A**

**Response and Resolution Times**

The following table shows the targets of response and resolution times for each priority level:

Trouble	Priority	Response time (in hours) *	Resolution time (in hours) *	Escalation threshold (in hours)
Service not available (all users and functions unavailable).	1	Within 1 hour	ASAP – Best Effort	2 hours
Significant degradation of service (large number of users or business critical functions affected)	2	Within 4 hours	ASAP – Best Effort	8 hours
Limited degradation of service (limited number of users or functions affected, business process can continue).	3	Within 24 hours	ASAP – Best Effort	48 hours
Small service degradation (business process can continue, one user affected).	4	within 48 hours	ASAP – Best Effort	96 hours



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## Support Tiers

The following details and describes our Support Tier levels:

Support Tier	Description
<b>Tier 1 Support</b>	All support incidents begin in Tier 1, where the initial trouble ticket is created, the issue is identified and clearly documented, and basic hardware/software troubleshooting is initiated.
<b>Tier 2 Support</b>	All support incidents that cannot be resolved with Tier 1 Support are escalated to Tier 2, where more complex support on hardware/software issues can be provided by more experienced Engineers.
<b>Tier 3 Support</b>	Support Incidents that cannot be resolved by Tier 2 Support are escalated to Tier 3, where support is provided by the most qualified and experienced Engineers who have the ability to collaborate with 3 <sup>rd</sup> Party (Vendor) Support Engineers to resolve the most complex issues.



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## ***Service Request Escalation Procedure***

1. Support Request is Received
2. Trouble Ticket is Created
3. Issue is Identified and documented in PSA system
4. Issue is qualified to determine if it can be resolved through Tier 1 Support

### **If issue can be resolved through Tier 1 Support:**

5. Level 1 Resolution - issue is worked to successful resolution
6. Quality Control –Issue is verified to be resolved to Client’s satisfaction
7. Trouble Ticket is closed, after complete problem resolution details have been updated in PSA system

### **If issue cannot be resolved through Tier 1 Support:**

6. Issue is escalated to Tier 2 Support
7. Issue is qualified to determine if it can be resolved by Tier 2 Support

### **If issue can be resolved through Tier 2 Support:**

8. Level 2 Resolution - issue is worked to successful resolution
9. Quality Control –Issue is verified to be resolved to Client’s satisfaction
10. Trouble Ticket is closed, after complete problem resolution details have been updated in PSA system

### **If issue cannot be resolved through Tier 2 Support:**

9. Issue is escalated to Tier 3 Support
10. Issue is qualified to determine if it can be resolved through Tier 3 Support

### **If issue can be resolved through Tier 3 Support:**

11. Level 3 Resolution - issue is worked to successful resolution
12. Quality Control –Issue is verified to be resolved to Client’s satisfaction
13. Trouble Ticket is closed, after complete problem resolution details have been updated in PSA system

### **If issue cannot be resolved through Tier 3 Support:**



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12. Issue is escalated to Onsite Support
13. Issue is qualified to determine if it can be resolved through Onsite Support

**If issue can be resolved through Onsite Support:**

14. Onsite Resolution - issue is worked to successful resolution
15. Quality Control –Issue is verified to be resolved to Client’s satisfaction
16. Trouble Ticket is closed, after complete problem resolution details have been updated in PSA system

**If issue cannot be resolved through Onsite Support:**

17. I.T. Manager Decision Point – request is updated with complete details of all activity performed



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## **Appendix B**

<b>Description</b>	<b>Frequency</b>	<b>Included</b>
<b>General</b>		
Document software and hardware changes	As performed	YES
Test backups with restores	Monthly	YES
Monthly reports of work accomplished, work in progress, etc.	Monthly	YES
<b>Servers</b>		
Manage Servers	Ongoing	YES
Check print queues	As needed	YES
Monitor all Server services	Ongoing	YES
Keep Service Packs, Patches and Hotfixes current as per company policy	Monthly	YES
Check event log of every server and identify any potential issues	As things appear	YES
Monitor hard drive free space on server	Ongoing	YES
Exchange Server user/mailbox management	As needed	YES
Monitor Active Directory replication	As needed	YES
Monitor WINS replication	As needed	YES
SQL server management	As needed	YES
Reboot servers if needed	As needed	YES
Run defrag and chkdsk on all drives	As needed	YES
Scheduled off time server maintenance	As needed	YES
Install supported software upgrades	As needed	YES
Determine logical directory structure, Implement, MAP, and detail	As needed	YES
Set up and maintain groups (accounting, admin, printers, sales, warehouse, etc)	As needed	YES
Check status of backups	Daily	YES



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Alert Client to dangerous conditions		
-Memory running low		
-Hard drive showing sign of failure		
-Hard drive running out of disk space		
-Controllers losing interrupts		
-Network Cards report unusual collision activity	As needed	YES
Educate and correct user errors (deleted files, corrupted files, etc.)	As needed	YES
Clean and prune directory structure, keep efficient and active	As needed	YES
<b>Disaster Recovery</b>		
Alert Client to dangerous conditions	As Needed	YES
<b>Devices</b>		
Manage Desktops	Ongoing	YES
Manage Network Printers	Ongoing	YES
Manage Other Networked Devices	Ongoing	YES
Manage PDA's/Smartphones	Ongoing	YES
<b>Networks</b>		
Check router logs	As needed	YES
Performance Monitoring/Capacity Planning	Ongoing	YES
Monitor DSU/TSU, switches, hubs and internet connectivity, and make sure everything is operational (available for SNMP manageable devices only)	Ongoing	YES
Maintain office connectivity to the Internet	As needed	YES
<b>Security</b>		
Check firewall logs	As needed	YES
Confirm that antivirus virus definition auto updates have occurred	As needed	YES
Confirm that antispyware updates have occurred	As needed	YES
Confirm that backup has been performed on a daily basis	As needed	YES
Create new directories, shares and security groups, new accounts, disable/delete old accounts, manage account policies	As needed	YES
Permissions and file system management	As needed	YES



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Set up new users including login restrictions, passwords, security, applications	As needed	YES
Set up and change security for users and applications	Ongoing	YES
Monitor for unusual activity among users	As needed	YES
<b>Applications</b>		
Insure Microsoft Office Applications are functioning as designed	As needed	YES
Insure Microsoft ActiveSync Applications	As needed	YES
Insure Adobe Acrobat Applications are functioning as designed	As needed	YES
Insure Symantec Backup Exec Applications are functioning as designed	As needed	YES
Insure Microsoft NTBackup Applications are functioning as designed	As needed	YES
Insure Intuit Quickbooks Applications are functioning as designed	As needed	YES



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Service Rates	
Labor	Rate
Remote PC Management/Help Desk - 8am-5pm M-F	INCLUDED
Remote Printer Management - 8am-5pm M-F	INCLUDED
Remote Network Management - 8am-5pm M-F	INCLUDED
Remote Server Management - 8am-5pm M-F	INCLUDED
24x7x365 Network Monitoring	INCLUDED
Lab Labor - 8am-5pm M-F	INCLUDED
Onsite Labor - 8am-5pm M-F	INCLUDED
Remote PC Management/Help Desk - 5:01pm-9pm M-F	\$____/hr
Remote Printer Management - 5:01pm-9pm M-F	\$____/hr
Remote Network Management - 5:01pm-9pm M-F	\$____/hr
Remote Server Management - 5:01pm-9pm M-F	\$____/hr
Lab Labor - 5:01pm-9pm M-F	\$____/hr
Onsite Labor - 5:01pm-9pm M-F	\$____/hr
Remote Labor All Other Times	\$____/hr
Lab Labor All Other Times	\$____/hr
Onsite Labor All Other Times	\$____/hr



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Covered Equipment	
Managed Desktops:	(Desktops & Notebooks)
Managed Printers:	
Managed Networks:	
Managed Servers:	
Managed Cell/PDA:	(Smart phones & PDAs)

### ***Benefits of utilizing Managed Services Agreements***

The act of developing a Managed Services Agreement is often the first step taken by service providers in preparation for delivering services for a new prospect. Reasons for this include:

- Identifies what hardware, users, vendors and services are covered, as well as which are not
- Clearly documents the client’s as well as the service provider’s roles and responsibilities
- Accurately represents the client’s existing environment
- Defines environmental pre-requisites for service
- Establishes a baseline environment
- Creates a framework to insure the service provider’s profitability

### **The Benefits**





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A Managed Services Agreement is valuable to the customer as well, as it will:

- Provide the customer the comfort level required to engage with the solution provider through documentation of the deliverable as well as SLA
- Document in a clear and easy to understand manner the service provider's services and how they are delivered

## **Conclusion**

A properly prepared Managed Services Agreement will:

- Document each party's responsibilities
- Establish the entire service agreement between the parties
- Protect both parties
- Set appropriate expectations among all parties
- Insure profitability for the service provider
- Provide the client an SLA for services
- Become an instrument to measure performance and customer satisfaction by

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