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How Your IT Services Business Is About To Be “Amazoned” ...And What MSPs Must Do NOW To Ready For The Assault

Recently, Microsoft released its plans to roll out a new “managed windows desktop” where the device is provided as part of the service.

Ever since the introduction and proliferation of “desktop as a service” and cloud technologies, MSPs have been concerned about losing their meat-and-potatoes managed services clients to companies like Microsoft that are progressively making it easier and less expensive for businesses to have everything they need in IT for one low, monthly fee. And they SHOULD be - but aren't.

Of course, the argument I hear from MSPs is that “nobody wants to get support from Microsoft!” or “We’ll adapt! We always do.” And yes, there *is* truth to this. But what they are overlooking is that these technologies ARE, in fact, eating into the total pool of opportunities for MSPs. Saying “nobody” wants to buy this from Microsoft is foolish. Microsoft has always described Windows 10 as a *service* – and “everybody” doesn’t have to buy to put a significant dent in your IT services business, or at least create another competitor that a prospect can use to beat you up on price. Further, thinking that Amazon or Google or some other provider isn’t going to come into this space and get it RIGHT is also gross ignorance.

Let’s look at a few things...

First of all, the IT industry as a whole has been shrinking for years and is NOT growing for a couple of reasons. Thanks to the proliferation of managed services tools, automation software and outsourced help desk, IT services firms can take care of far more clients with fewer resources than ever before, squeezing out the weaker competitors. Second, the economy is going to hit a recession. That's not "fear mongering" but simple truth. Economies follow cycles; and while it's never easy to predict exactly when, we know that the current growth won't go on forever (read the cover story of the August Fortune magazine for more details).

And when this happens, the smaller companies with a couple of employees, or the solo entrepreneurs, are going to be the first ones to move to Office 365, install their own antivirus and back stuff up on Dropbox or Google Drive (I’m not suggesting that’s the *best* thing to do, but it’s what happens). **Given that roughly 77% of ALL businesses in existence today are**



solo business owners, and 95% have fewer than 10 employees, the pool of businesses that will spend money on professional IT support is very, very small.

Similar trends are happening in industries all around us, hiding in plain sight. Journalists, investors and business executives are calling it “getting Amazoned,” which essentially means your business is *dust* the minute a giant, well-funded competitor (these days often Amazon) gets involved to automate the delivery of a cheaper, easier version of what you do.

Think it won’t happen to you? Neither did orthodontists who are now competing with the Smile Direct Club, a way for people to get their teeth straightened from HOME. No more “expensive” orthodontics or inconvenient office visits. Who would have thought an ORTHODONTIST could be replaced by mail-order braces? Is it putting them out of business? No – but it IS eating into the number of opportunities they once had.

Medical surgeries are now being done by ROBOTS – not “expensive” surgeons. And guess what? The robot is more precise, more accurate and never suffers a hangover or has a “bad day” because it had a fight with its spouse the night before. It’s also infinitely cheaper, giving hospitals and clinics a competitive edge over those run entirely by human docs. The legal industry was significantly disrupted by LegalZoom and continues to be. They started simply offering fill-in-the-blank legal templates, but have moved to offering SERVICES, staffing their ranks with attorneys who will review your contracts and consult with you. H&R Block now allows you to file your taxes for free, even offering a MAX RETURN guarantee (try to get that promise from your local, small business CPA). Similar to LegalZoom, it’s a feeder for other services, and it’s taken a HUGE chunk of business away from CPAs.

Uber is threatening to wipe out the outdated car-rental business, and car dealerships (and auto mechanics) are soon to be extinct because the manufacturers are now selling a “car as a service” where you no longer *own* a car. Under this plan you pay a monthly fee and EVERYTHING from cleaning and fueling to maintenance and repairs is done FOR YOU. The car, picked out online, is brought TO YOU by the manufacturer. You can also drive a different car every week if you like. (BMW asked me to participate in such a service here in Nashville they are testing out in certain markets.) And if your car is a computer (Tesla), the diagnostics can be done online.

A colleague of mine recently said they finally were able to get an AI phone-answering service to take orders and OUTPERFORM human sales reps for inbound sales calls. Fast-food restaurants and retail are following suit, offering self-checkout, thereby eliminating the need for “expensive” and problem-riddled human employees.

So what can an MSP do – and what should they be fervently working on – to ensure their business doesn’t get “Amazoned”? There are a number of things, including putting a



“fence” around current clients, getting more than one marketing oil well implemented and PRODUCING, etc.

But one of the MOST important will be to target your efforts in finding and attracting better quality, more lucrative clients. The bottom-feeder, price-sensitive crowd are always going to be the ones to move to these cheaper alternatives first – and if 80% or more of your client base is made up of these types of clients, you could be out of business FAST.

As a wealthy entrepreneur of a growing, stable business, I’m *not* going to do home braces for my kid, outsource my legal advice to LegalZoom, file my tax return to H&R Block or cancel my managed services agreement so I can outsource to Microsoft to save a few thousand dollars; but someone who doesn’t have my financial means may, or may have it as their ONLY option. THOSE are the clients you will lose to an “Amazon.”

At the upcoming Cyber Security Roadshow event, I will be talking about THIS: **specific strategies to help you find, attract and close more HIGH-VALUE CLIENTS who are NOT choosing their IT company by cheapest price and who have the desire and means to pay for professional IT services and support.** THOSE are the clients you want to be seeking and acquiring NOW to build an ark, letting the cheapskates go to your competitors. Ignore this and, at some point, your business will be “Amazoned,” or at least continually squeezed by such competitors to the point of significant decline in sales, fees and profits.

For a full Trust-Based Marketing Plan **to find and attract these high-value, stable clients**, join me: <https://www.cybersecurityroadshow.com>. Trust me, you’ll LOVE it.