

Why “No Contract” MSPs Are Bad for Your Business

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In the world of managed service providers (MSPs), some companies choose to operate with no agreement. If you choose to engage in this type of arrangement, I want to make sure you understand the risks so that you know what to expect from your relationship with that vendor.

First, during the sales process, you will hear things like:

- "I don't want or need to have a contract in place. I'm so confident in our work that you can cancel at any time if we don't do a good job."
- "You should be able to fire a provider at any time."
- "Not having an agreement means that we have to perform at a higher standard to keep your business."

While some of this is legally true, what they are not telling you is that by not having an agreement in place, they are also not legally committed to performing at the appropriate levels over time. Sure, you can fire them if they do not perform, but it is horribly expensive, painful, and disruptive to your business to go through that process. All good long-term business relationships should have a win-win commitment for both parties.

Entering into a relationship with an MSP is very much like a marriage. I can assure you that no provider is going to operate flawlessly. By having the contract in place, both parties are committed to working together for the long-term success of each other. Any client/MSP relationship requires work on both sides, give and take, communication, and commitment, just like a marriage. This is how you create long-term outcomes that are accelerators for both businesses. And for us at JMARK, this is the only way we do business.

When MSPs do not insist on having agreements in place, it demonstrates that they are operating at a low maturity level. This indicates that there is a lack of processes, training, technology stack management, consistent methods for innovation and testing, and much more—and all these things are necessary for an MSP to consistently deliver on the promises you hear during a sales discussion.

Additionally, the contract should align with a technology lifecycle. Often, when a provider engages with a new customer, there are many legacy pieces of technology that will need to be cycled out. Most organizations cannot justify making all of these changes at one time. By having the agreement in place, there is time to mature the technology stack, which should continuously improve your IT environment's performance.

Lastly, having no agreement means the MSP can adjust their pricing or fire you as the client at any time. A long-term commitment from the MSP ensures budget protection and that they will be there for your business when you need them.

As a business leader, having the protections, commitments, and consistency assured by a mutually beneficial contract with your managed service provider helps to ensure your organization can focus on your mission rather than worrying about the stability of your IT (or technology provider).

If you would like to learn more about the performance guarantees JMARK makes and how we deliver on those promises, please get in touch with us at 844-44-JMARK or [book an appointment on this page.](#)