



How Co-Managed IT Bridges Gaps in Growing Businesses

A Strategic Playbook for Strengthening IT Without Increasing Headcount



As small and midsize businesses (SMBs) scale, they face IT challenges: limited internal resources, rising cybersecurity risks, complex technology stacks, and mounting compliance demands. These pressures can overwhelm lean IT teams and create operational bottlenecks that slow business growth.

Co-managed IT offers a strategic, flexible solution. Rather than fully outsourcing IT, or building out a full in-house IT department, this hybrid model pairs your internal team with a trusted managed service provider (MSP) to share responsibility. This approach delivers expert support, advanced tools, and greater resilience without replacing your people or inflating headcount.

This white paper outlines:

- When co-managed IT makes sense, such as during restructuring, times of rapid growth, or to address skills gaps in cybersecurity, compliance, or cloud infrastructure.
- The business value of a co-managed approach. This includes benefits like reducing risk, boosting uptime, speeding innovation, and improving scalability.
- How to build an effective partnership. Make sure you stay clear on roles, keep communication clear, and track shared KPIs. You might also, consider strategic planning support from vCIOs and vCISOs.

By partnering with ISOutsource, SMBs get access to enterprise-grade IT expertise and proven methodologies without sacrificing flexibility or control. The result is a more secure, agile, and cost-effective path to long-term success.



"By outsourcing some of our IT operations to ISOutsource, we have greatly improved our cybersecurity, successfully defended against multiple cyberattacks, and protected our critical data and business."

—Manager, Technology Company

The IT Growing Pains of Scaling Businesses

Companies face growth challenges (both in hiring and in increasing revenue) and a complex business landscape of compliance and cybersecurity challenges. In fact, 48% of respondents in our [2025 IT Trends Report](#) said they experienced a security incident in 2024. Small and midsize businesses' (SMBs') internal teams are especially stretched thin.

When it's time to expand, many companies struggle to find qualified candidates. [Fifty percent of business owners report difficulty filling open IT positions](#), and roughly 90 percent are finding few or no qualified candidates. Ironically, this can happen both when there are too few candidates to choose from and when there are too many; then, the challenge is to evaluate a flood of candidates to find the right one. And when you do find IT talent, you'll need to do onboarding, training, and retaining them are ongoing tasks.

Managed service providers (MSPs) can help. They have the expertise and staff to help organizations secure their IT environments, optimize cloud infrastructure, and manage complex systems. According to a 2025 report, [48% of SMBs use managed IT services](#). It's easy to see why, when BusinessWire estimates that managed services will help [reduce IT cost by 25% to 45%](#) and will also increase operational efficiency by 45% to 65%.

Businesses need to do more with less, and the most efficient way to accomplish this is to **scale**. This isn't the same as business **growth**, which is about increasing top-line revenues at any cost and often involves adding employees, systems, and locations.

[Scaling a business](#) is about increasing revenues while minimizing costs, effectively improving your bottom-line or profit margin.

Before businesses can even decide how best to scale, they often must deal with common expansion challenges like:

- **Hiring surges**, which can affect companies internally as they add employees, or externally as a market trend. Hiring surge trends in the job market (when many people are hired at once) can uncover or worsen shortages of skilled candidates. Around 40% of SMB managers ([4 in 10](#)) report that finding candidates with the right skills is a major obstacle, especially when demand for talent outpaces supply. In an internal hiring surge, when a business needs to hire multiple employees at once, other challenges can happen. When asked to rank their greatest hiring challenges, [nearly half of SMB hiring managers cited meeting candidates' salary expectations](#). If organizations get support from managed IT services, they can hire at the pace that suits them.
- **New tech stack complexity**. [SMBs often lack the budget and specialized staff](#) to manage and integrate new technologies such as cloud computing, generative AI, or advanced cybersecurity tools. This gap makes it challenging to keep pace with rapid technological change, forcing small teams to juggle daily operations with the demands of digital transformation. MSPs can provide specialized expertise, scalable resources, and proactive management that would be difficult and costly to bring in-house.

- **Compliance requirements.** [47% of SMBs say they spend too much time fulfilling regulatory compliance](#) tasks like recordkeeping, tax filings, and permit renewals, which pull focus from core business activities. On average, most SMBs have small compliance teams who multitask, which can lead to burnout. Lack of time and staff can also [force leaders to manage regulations instead of growth initiatives](#). These things can hold companies back, stalling business growth.

Another factor that slows scaling and growth is **relying solely on internal IT**:

- **Employee burnout**, is a risk when internal staff juggle multiple roles, from everyday help desk support to managing security and infrastructure. This is especially a problem when there aren't enough personnel or specialized skills in the organization to support IT staff in these tasks.
- Relying on a single IT employee or piece of critical hardware creates a **single-point-of-failure risk**. If that employee leaves or a key server or other piece of equipment fails, the business can face costly downtime or data loss.
- Most SMBs employ IT generalists who handle routine technology management but **lack deep expertise in specialized areas** like cybersecurity, networking, cloud architecture, or compliance. This limited skillset can prevent SMBs from fully leveraging new technologies or fully protecting themselves against evolving threats. Studies show that [45% of SMBs rely on external specialists](#) to support their internal teams for complex technology needs.



"By engaging an MSP, you're basically covering the risk of your employees leaving or not having the right experience and knowledge. And, thanks to the depth of our roster, we can fill multiple IT roles on an as-needed basis."

Chris Preti, Principal Consultant at ISOutsource

What Is Co-Managed IT?

Co-managed IT is a collaborative relationship between an organization's internal IT team and an external MSP. Think of it as adding a strategic partner to your internal team, without the overhead cost of new hires. Instead of outsourcing all IT functions, the business's in-house IT staff and the MSP share responsibilities based on each party's strengths and expertise.

While technically co-managed IT is a form of outsourcing, it's not pure outsourcing in the traditional sense. It also, doesn't involve replacing your IT staff. Traditional outsourcing is when a partner takes over a business function from your employees. Instead, co-managed IT is a strategic partnership where MSPs work alongside internal teams (and sometimes other IT partners) without replacing them. (Note that most MSPs also offer traditional outsourcing for businesses who want it.)

Unlike most IT partners, ISOsource offers the flexibility to keep your existing IT infrastructure and leave your engagement at any time, with no locked-in contracts. Companies that want to use co-managed IT on a per-project basis are free to do so, unlike most traditional outsourcing arrangements.

Co-managed IT is often seen in these engagement types:

- **Project-based.** Businesses often engage an MSP for specific projects—such as cloud migrations, cybersecurity assessments, or infrastructure upgrades. This enables internal IT teams to focus on operations while benefitting from external expertise for complex or resource-intensive initiatives.
- **Escalation path/support augmentation.** Here, the MSP serves as an escalation point for issues outside the internal team's expertise or capacity. When major incidents or unfamiliar technical challenges happen, the internal team can escalate these issues to the MSP for rapid, expert resolution. This helps companies address critical issues quickly and minimize downtime.
- **Infrastructure management.** In co-managed IT, the MSP can take responsibility for managing and maintaining core IT infrastructure (such as servers, networks, and cloud environments) while the internal team handles user support or business applications. This division enables efficient operations and helps ensure that infrastructure is maintained to industry best practices.
- **Strategic planning and vCIO services.** Many co-managed IT engagements include access to strategic planning, IT roadmapping, and [virtual CIO \(vCIO\) services](#). The MSP provides technology guidance, helps align IT with business goals, and mentors the internal team, to enable more effective planning and innovation.
- **Flexible, tailored division of labor.** Roles and responsibilities are customizable, so organizations can retain control over certain IT functions while outsourcing others as priorities and resources change. Co-managed IT isn't about replacing employees, so if internal staff want to focus on gaining new skills, an MSP can take over their responsibilities, freeing up them to focus on new pursuits.

Common Co-Managed IT Engagement Structure and Benefits

Engagement type	What it looks like	Business benefit
Project-based	Limited projects like cloud migrations, infrastructure upgrades, or security assessments.	Speed high-impact projects without distracting internal teams from core operations.
Escalation path / support augmentation	MSP handles complex issues beyond in-house expertise; used for major incidents or specialized troubleshooting.	Minimize downtime, avoid costly delays, and reduce risk from skill gaps.
Infrastructure management	MSP manages servers, networks, cloud environments; internal team focuses on business apps and user support.	Ensure uptime and performance while enabling internal staff to focus on strategic systems.
Strategic planning & vCIO services	MSP provides IT roadmapping, risk management, vendor guidance, and tech advisory via vCIOs.	Align IT investment with business goals; enhance leadership decision-making.
Flexible, tailored division of labor	Roles split based on need. MSP scales up or down as your priorities shift; internal staff may re-skill or re-focus.	Adapt to evolving business demands without adding fixed costs or losing internal control.

The Strategic Value of Co-Managed IT

With co-managed IT, you get **depth of expertise without the overhead of internal hires**. This model provides access to specialized skills, advanced tools, and industry best practices from your MSP while [avoiding the costs and commitments](#) associated with hiring, training, and retaining full-time IT staff. It's a low-risk, high-value way for your business to:

- **Strengthen [cybersecurity](#), compliance, and automation.** Ytrenchen cybersecurity, cloud migration, compliance, and automation. Your business gets on-demand access to experts, advanced tools, and scalable resources without the need for full-time hires.
- **Avoid expensive mistakes and resource strain.** Your business gets external expertise and scalable support. This expertise, in specialized areas like [technology audits](#) and compliance and with advanced solutions like [endpoint detection and response](#) (EDR), helps you avoid misconfigurations, breaches, and fines.

Redundancy and continuity are also benefits. Working with an MSP helps protect your business against outages and interruptions while maintaining seamless operations, even when the unexpected happens. Your business can:

- **Prevent downtime** from turnover, sick days, training/conferences, or vacation time. MSPs have access to experts across IT disciplines, ready to help as needed. They also provide 24/7 monitoring, to address IT issues promptly, even outside of regular business hours. MSPs can document your IT environment, so there is a record of system configurations and administrator passwords. That way, when your internal IT resources leave, all their organizational knowledge won't leave with them.
- **Get built-in backup and support.** Your MSP can manage and maintain backup systems, [disaster recovery plans](#), and storage devices, to help ensure your data is backed up regularly and can be restored quickly in the event of a failure, cyberattack, or other disaster.



"Hiring an MSP means getting the full scope of expertise from one source versus hiring all the individuals you'd need internally to provide that expertise. With an MSP, you get engineering consulting plus solutions architect, senior engineer, and system engineer support. To fill those roles internally, you'd need at least three hires."

Chris Preti, Principal Consultant at ISOutsource

Co-managed IT also supports **scalability and flexibility**. Companies can adjust IT resources and expertise in response to changing needs, without fixed staffing or rigid contracts. With this flexibility, your organization can:

- **Support growth without adding headcount.** That's important when the [cost of hiring is an average of almost \\$5,000](#) (and that's on top of salary, benefits, onboarding/training, and so on).
- **Get on-demand access to diverse skill sets.** "By engaging an MSP, you're basically covering the risk of your employees leaving or not having the right experience and knowledge. And, thanks to the depth of our roster, we can fill multiple IT roles on an as-needed basis," says Chris Preti, Principal Consultant at ISOutsource.

Real Businesses—Real Results

Business leaders are using co-managed and outsourced IT services separately and in combination. Real-life examples highlight how managed IT services can fill gaps, and how they bring measurable business value.

[Pacific Tool case study.](#) This Redmond-based aerospace manufacturing company recently underwent rapid expansion under CEO Bobby Holt. Despite that growth, the organization relied on a single IT generalist who was frequently diverted to daily helpdesk tasks, which kept him from working on critical initiatives like cloud migration and cybersecurity.

- Pacific Tool needs to prevent IT downtime and interruptions and replace its aging IT infrastructure to get cloud-ready.
- ISOutsource ran a comprehensive assessment for security vulnerabilities, restructured on-prem infrastructure for high availability, and identified which systems to migrate to the cloud. We fully managed the network, infrastructure maintenance, and helpdesk operations, enabling the internal IT lead to focus on strategic initiatives.
- The CEO received clear 1-, 3-, and 5-year security and IT planning roadmaps, and the internal resource can focus on running the company's updated ERP system. "We have a more secure, reliable IT environment now. We don't worry about downtime," says Holt. "ISOutsource brought in a team of experts to give us a holistic view into the most strategic way forward. We should have worked with them a long time ago."

Integrated Rehabilitation Group case study. Since it began in the mid-1990s, this physical therapy provider grew from one location to 38 clinics and 350 employees. When their IT Director went on leave, IRG had two internal IT staff left: an unsustainable situation for their size and scale.

- IRG had a single point of failure (one IT engineer supporting the entire organization) and risked burnout and retention risks with the remaining staff, who had to maintain infrastructure and support across so many locations.
- ISOutsource took over Tier-1 support to relieve the existing IT engineer. We provided coaching and mentorship for the engineer to build confidence and help prevent burnout. Later, our vCIO helped align IRG's technology with its growth objectives.
- The IT engineer was able to upskill and feel re-engaged with work. IRG got strategic alignment with an IT roadmap defined by our vCIO that prioritized cloud migration and modernization. We helped IRG gain scalable infrastructure with cloud migrations completed (phone, productivity tools, infrastructure), laying foundation for scalability.

CU Business Group case study. This Credit Union Service Organization was growing fast:

- The company needed assistance with evaluating and supporting its IT infrastructure.
- We worked closely with CUBG staff to build an IT roadmap and educate employees on cybersecurity. Rachel Snyder, EVP and COO at CUBG, says, "CUBG has a full-time IT staff that takes care of their day-to-day support needs, and ISOutsource does the heavy lifting with our IT infrastructure."
- CUBG and ISOutsource formed a collaborative IT partnership that helps ensure that technology drives productivity. CUBG gained a simplified, streamlined IT infrastructure; passed its SOC 2 audit with no exceptions, which indicates the maturity of its security operations; and elevated security awareness.

This real-world example highlights how MSPs can help companies scale without replacing internal staff. "We help you plug those security holes you can't afford to ignore—whether you have 5 employees or 500," says Kenny Gluck, Managing Consultant at ISOutsource.



"By partnering with ISOutsource, our IT Manager and I get to have an entire IT team that can do anything without having to pay for an entire team!"

—Janet Carbarry, CFO, Integrated Rehabilitation Group

Building a Productive Co-Managed IT Partnership

After you've decided on the goals of your engagement, there are ways to help support a [productive working relationship](#).

Start with a [technology assessment](#). This helps you assess your current environment, identify gaps, and plan for your future, so you can set priorities according to your needs.

Encourage internal IT staff to weigh in. Ask your IT employees to clarify which tasks they'd like the MSP handle and which they'd like to keep. Which should help with morale and set the tone for collaboration. Doing this step before meeting with the MSP will give management the chance to make sure they agree with the proposed division of labor.

Set some key performance indicators (KPIs) with the MSP to stay on track and measure success. These might include the number of data compliance issues discovered or time to detect and respond to security incidents. Begin tracking these KPIs before you bring the MSP onboard, so you can see how the engagement evolves. See the appendix at the end of this white paper for more examples.

Implement a structured onboarding and transition plan. By developing a detailed plan for integrating the MSP, including knowledge transfer and process alignment, you'll help ensure both teams understand workflows, ticketing systems, and escalation procedures to maintain operational flow.

Define clear roles and responsibilities. For efficiency:

- Clearly outline which tasks will be handled by your internal team and which by the MSP. This helps prevent tasks from being overlooked, or from being addressed by both teams as duplicated effort.
- Choose someone to document task responsibilities, escalation paths, and service level agreements (SLAs) to avoid confusion and ensure accountability.
- Hold regular meetings to help communication. These are also a good way to celebrate successes and address any issues, especially at the beginning, and to synch on the value of your IT investments.

Use tools for transparency and collaboration. Dashboards, incident ticketing systems, and project management tools help keep engagements on track by supporting clarity, accountability, and collaboration.

Leverage strategic advisory services. Regular check-ins are a great time for roadmap reviews with a virtual CIO or vCISO. On-demand access to these strategic consultants is a great way to keep IT and business goals aligned. Roadmaps help identify find and address gaps in infrastructure, security, and compliance proactively.

When Co-Managed IT Makes the Most Sense

Now that you're familiar with traditional outsourcing and co-managed IT, here are some situations where co-managed IT can help your company scale:

Internal IT bandwidth is maxed. Your internal team may lack the time or skills to take on compliance, cybersecurity, system implementation, or digital transformation work. Co-managed IT can give you customized support, whether that means taking over routine or specialized tasks.

Lack of in-house specialization. An MSP can provide specialized skills that internal teams often don't have, like [governance, risk management, and compliance](#) (GRC) support; [security information and event management](#) (SIEM) services; and [endpoint detection and response](#) expertise.

Rapid company growth or restructuring/merging. Growth spurts can mean that your IT needs grow faster than your internal teams' abilities or capacity. Whenever your company reorganizes, adding or redistributing departments and systems can affect your IT environment. [Merging with or acquiring](#) another organization can do the same thing on a larger scale, making it tough to get visibility and coordination around combined IT infrastructures, apps, and data. An MSP can help integrate and manage systems and identify compliance or security gaps.



"One IT person could not execute all the initiatives as quickly as we can with ISOsource. Their depth and breadth are unmatched."

—Ed Hanrahan, VP of Operations, Bodypoint

Why ISOutsource

We take a consultative approach to IT engagements, to help your business move up the technology maturity ladder with support from our vCIO, vCISO, Consultant, and Engineering teams.

ISOutsource advises clients on scalability, security, collaboration, productivity, and data needs, helping organizations move from a reactive to a transformational technology posture model.

Differentiating qualities include:

- **Our 30+ year history of supporting SMBs** (currently, more than 500 of them) across key verticals like healthcare, manufacturing, technology, business services, AEC, finance, legal, and consumer services. Our mission is to strengthen communities one business at a time by providing innovative and strategic technology solutions.
- **Expertise in strategic advisory services, project delivery, and secure scaling.** We provide high-level IT strategy, technology roadmapping, risk management, and compliance guidance via our vCIO and vCISO experts, to help align IT investments with business goals. ISOutsource also manages a wide range of IT services, from software deployments and cloud migrations to infrastructure upgrades and cybersecurity initiatives. Our managed IT services, which include infrastructure management, cloud services, and end-user support, can be scaled up or down as needed.
- **No-term contracts and flexible technology options.** We don't lock you into your engagement with us. You can also change the amount of your spend with us on a monthly basis as needed. Though we have deep Microsoft capabilities, we are tech-agnostic and will help you choose the solutions that meet your unique business needs.
- **Proven results.** ISOutsource has a 70+ [net promoter score](#) (NPS) and an average 7.5-year client tenure. Check out these [client case studies](#) to see our services in action, or read our reviews.



Conclusion

In today's fast-evolving business landscape, organizations can't afford to let their IT capabilities lag. Whether you're dealing with rapid growth, navigating the complexities of mergers, or addressing the ever-increasing demands of security and compliance, co-managed IT offers a customized solution. By collaborating with a trusted MSP like ISOutsource, you get access to specialized expertise, enhanced scalability, and strategic guidance while retaining flexibility and control.

Book a free consultation with ISOutsource to measure your IT maturity and see where co-managed IT can help your organization.

Appendix: Common Co-Managed IT Engagement KPIs

Common metrics measure things like ticket resolution speed, system uptime, project delivery, cost efficiency, service quality, security, compliance, and resource utilization. Collectively, the KPIs help track responsiveness, reliability, cost-effectiveness, and user satisfaction, which adds up to the overall effectiveness of collaboration between internal IT teams and an MSP.

KPI Summary Table

Here is a sampling of possible KPIs you can use to measure whether your co-managed partnership is driving efficiency and resilience.

KPI	What it Measures	Why It Matters
Mean Time to Resolution	Speed of ticket closure	Minimizes downtime, boosts efficiency
First Contact Resolution	% of tickets resolved on first touch	Indicates expertise, user satisfaction
System/Network Uptime	% of time systems are operational	Ensures business continuity
On-Time Project Delivery	% of projects finished on schedule	Measures reliability, planning
Project Budget Adherence	% of projects within budget	Controls costs, resource us
Cost per Endpoint/Incident*	IT cost per incident/managed device	Assesses cost efficiency
Resolution SLA %	% of tickets resolved within SLA	Tracks service reliability
Customer Satisfaction (CSAT)	User feedback on IT support	Gauges service quality
Net Promoter Score (NPS)	Likelihood of recommending a business	Gauges long-term customer loyalty
Average First Response Time	Speed of initial ticket acknowledgment	Sets user expectations
Security Incident Frequency	Number of security events	Reflects security effectiveness
Agent/Resource Utilization Rate	Tracks IT resource deployment	Efficiency of staffing, workload
Mean Time Between Failures	Average operation time before a failure	Measures system/component reliability

* Also referred to as "Endpoint Management Cost" or "Per-Device IT Cost"



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