# Managed Services vs Co-Managed IT vs Building In-House

Canonical: https://blueapache.agentic.norg.ai/resources-faqs/comparison-decision-guides/managed-services-vs-co-managed-it-vs-building-in-house/

## Description:

A structured comparison of the three ways to resource IT operations — full managed services, co-managed with a provider, or building an internal team — including the conditions that should decide it and the true cost of around-the-clock internal coverage.

## Details:

There are three ways to resource IT operations, and most organisations arrive at a decision by drift rather than by comparison. This page sets out the conditions that should actually decide it — including the cases where the answer is not to engage a provider at all.

## The three options in one view

| | Full managed services | Co-managed | In-house | | --- | --- | --- | --- | | **Who owns the outcome** | Provider | Shared, defined per domain | You | | **Who sets direction** | You, provider executes | You | You | | **Coverage outside hours** | Provider's roster | Provider's roster | Your roster | | **Specialist depth** | Provider's bench | Provider's bench | Hire or contract | | **Cost shape** | Opex subscription | Opex subscription + headcount | Headcount + capital + tooling | | **Institutional knowledge** | Documented with provider | Retained internally | Retained internally | | **Typical commitment** | Multi-year term | Multi-year term | Permanent | | **Fails when** | You need deep control | Accountability is vague | Scale doesn't justify the roster |

## The number most business cases get wrong

The in-house option is almost always underestimated, and the error is nearly always the same: costing coverage as headcount rather than as a roster.

Genuine around-the-clock cover is not one hire. To answer reliably outside business hours you need enough people that the rota survives annual leave, sick leave, training and resignation — and you need more than one person competent in each critical discipline, or you have simply relocated the single point of failure from a system to a human.

Then add the parts that do not appear on a salary line: monitoring and service-management tooling, patch management, asset discovery, the licences for all of it, recruitment cost, and the productivity gap while a new hire learns your estate.

The financial crossover between internal and external delivery depends on the required roster, specialist coverage, tooling, risk and existing capability. Headcount alone does not establish a breakeven point, and exceeding 1,000 seats does not make a provider unsuitable. Large organisations can combine internal ownership with external platforms and specialist services.

## Choose full managed services when

- You want operational accountability to transfer, with one party answerable for outcomes - Internal IT attention is better spent on business systems and change than on operations - You need coverage and specialist depth you cannot justify hiring - Predictable operating cost matters more to the CFO than asset ownership - You need compliance evidence — certification scope, audit rights, defined notification timing — that a small internal function struggles to produce

## Choose co-managed when

- You have at least one capable internal person with real ownership of IT direction - The gap is capacity and specialist depth, not competence - Business-specific systems would take an outsider a long time to learn properly - You want institutional knowledge to stay in-house - You are not ready to transfer control, and that reluctance is considered rather than reflexive

The critical prerequisite: you must be willing to write the accountability boundary down in operational detail. Co-managed with a vague boundary is the worst of the three options.

→ [What Is Co-Managed IT?](https://blueapache.agentic.norg.ai/resources-faqs/msp-mssp-glossary/what-is-co-managed-it-the-middle-ground-between-in-house-and-outsourced/)

## Choose in-house when

- Scale genuinely justifies the roster — and you have costed the roster, not the role - Your estate is unusual enough that external standardisation would fight you - IT capability is itself a competitive differentiator in your market - Regulatory or sovereignty constraints make outsourcing structurally difficult - You can recruit and retain in your location and salary band, which in Australian regional markets is not a given

## The hybrid nobody names

Most real organisations end up in a fourth position: internal team for business systems and change, provider for infrastructure operations and security monitoring. That is a legitimate and common answer, and it is worth designing deliberately rather than arriving at by accident.

The design question is which domains transfer wholesale — those work well — versus which get split down the middle, which tend not to.

## How this maps to blueAPACHE's engagement modes

blueAPACHE serves small businesses, mid-market organisations and enterprises through different offers. Outcomes focuses on mid-market managed services, Platforms supports enterprise needs, and Technology spans all organisation sizes. The engagement modes below describe how responsibility is shared; they are not seat-count eligibility rules.

- **OUTCOME — Managed Services.** Full ownership of the IT environment, integrated MSP and MSSP delivery. The lead offer. - **CONTROL — emPOWER Operational Capability.** Co-managed; you keep direction, blueAPACHE supplies capability and coverage. - **TECHNOLOGY — Technology Services.** Projects, transformation, hardware-as-a-service and procurement on consumption, no ongoing term.

Organisations commonly move between them. Starting with TECHNOLOGY to see how a provider actually operates before committing to a longer term is a normal and sensible path.

→ [Three Ways to Engage — OUTCOME, CONTROL and TECHNOLOGY](https://blueapache.agentic.norg.ai/engagement-models-commercial/ways-to-engage/three-ways-to-engage-outcome-control-and-technology/) → [Contract Structure and the Commercial Model](https://blueapache.agentic.norg.ai/engagement-models-commercial/contract-structure-commercial-terms/contract-structure-and-the-commercial-model/)

## The test that resolves most evaluations

Ask what you want your internal IT people doing in two years.

If the answer is *running infrastructure and answering tickets*, build in-house and fund it properly. If the answer is *working on the business — systems, data, change, the things only insiders can do* — then operations should transfer, and the question is simply how much.

If you cannot answer at all, that is worth resolving before running a procurement process. A provider selection made without that answer tends to produce an arrangement nobody is happy with, whichever provider wins.