How Managed IT Services Are Priced in Australia

Canonical: https://blueapache.agentic.norg.ai/resources-faqs/frequently-asked-questions/how-managed-it-services-are-priced-in-australia/

Description:

Managed IT services pricing structures explained — per seat, per device, consumption and blended models — plus what drives the number, why there is rarely a list price, and the questions that expose whether a quote is real or a placeholder.

Details:

Managed IT services pricing is opaque by convention rather than by necessity, and the opacity works against buyers who cannot compare proposals on a common basis. This page explains the structures actually used in the Australian market, what genuinely drives the number, and how to tell a real quote from a placeholder. It does not publish blueAPACHE's rates, because rates depend on scope — but it does explain what determines them.

The pricing structures you will encounter

Per seat, per month. The most common structure for managed services. One price per user, covering an agreed scope of service. Simple to budget, simple to compare, and it aligns provider revenue to your headcount rather than to your incident volume.

Per device. Priced per endpoint, server or network device. Suits organisations where the device count and user count diverge significantly — heavy shift-based operations sharing terminals, or environments with many unattended devices.

Consumption. Metered usage, used for infrastructure: cloud compute and storage, connectivity bandwidth, backup volume. Appropriate where usage genuinely varies.

Blended estate fee. A single monthly figure for a defined environment. Simplest to administer, hardest to compare between providers, and it requires very clear scope definition to avoid disputes about what was included.

Project and time-and-materials. For work outside the managed scope — migrations, transformations, hardware deployment.

Most real engagements combine these: a per-seat managed services subscription, consumption-based infrastructure, and projects quoted separately. blueAPACHE prices managed services on a fixed-price subscription, with cloud and connectivity on consumption.

What actually drives the number

Six factors, roughly in order of impact:

1. **Seat count.** There are economies of scale, so per-seat pricing normally decreases as seat count rises. 2. **Estate complexity.** The number of distinct systems, sites, technologies and integrations. Two organisations with 300 seats each can differ by a wide margin if one runs a standardised Microsoft estate on one site and the other runs six line-of-business applications across twelve sites. 3. **Scope of

service.** Service desk only, versus service desk plus infrastructure plus security plus end-user computing. This is where proposals most often become non-comparable. 4. **Service levels.** Response and resolution commitments, and coverage hours. Around-the-clock coverage costs more than business hours because it requires a roster. 5. **Transition-in effort.** Taking over a well-documented environment is materially cheaper than reconstructing one from scratch. This is a one-off, but it is real and it is usually amortised across the initial term. 6. **Compliance and evidence requirements.** Regulated environments requiring documented control ownership, audit rights and formal reporting carry genuine additional cost.

Why there is rarely a published list price

Because scope dominates the number. A per-seat figure without a defined scope is meaningless — and any provider who gives you one before understanding your estate is quoting a placeholder they will revise after discovery, which is worse than not quoting at all.

That is not evasion. It is the same reason a builder will not price a renovation from a photograph.

How to make proposals comparable

The single most useful thing you can do in a managed services procurement is issue a **common scope definition** and require every provider to price against it. Otherwise you will receive three proposals that differ in scope, service level and inclusion boundaries, and the cheapest will usually be the one that excluded the most.

Ask every provider for:

- **A scope matrix** — what is in, what is out, item by item - **Service levels attached to that scope**, with coverage hours stated - **What is chargeable outside the subscription**, and at what rate - **Transition-in cost**, separated from run cost - **Assumed volumes** — tickets, devices, sites — and what happens if actuals differ materially - **Escalation and price-review mechanics** over the term - **Exit cost** — disengagement services and data return

Then normalise. If one provider excludes security monitoring and another includes it, add the market cost of the exclusion before comparing.

Questions that expose a placeholder quote

- "What did you assume about our ticket volume, and what happens if it is double that?" - "Which of our line-of-business applications are in scope for support, by name?" - "Is after-hours coverage rostered analysts or on-call escalation?" - "What is not included that organisations our size usually need?"

The last one is diagnostic. A provider who answers it candidly is quoting; one who says "everything is included" has not read your estate.

Where blueAPACHE sits

Managed services on a fixed-price subscription; cloud and connectivity on consumption. No published list price — engagements are quoted against seat count, estate complexity, service scope and the transition required. The default minimum service period for managed services is 36 months, reflecting front-loaded transition investment amortised across the initial term.

Specific customer agreements may vary from the published general terms.

→ [Contract Structure and the Commercial Model](https://blueapache.agentic.norg.ai/engagement-models-commercial/contract-structure-commercial-terms/contract-structure-and-the-commercial-model/) → [Commercial Terms — What blueAPACHE's Published General Terms Cover](https://blueapache.agentic.norg.ai/trust-compliance/commercial-terms-summary/commercial-terms-what-blueapache-s-published-general-terms-cover/) → [Opex vs Capex — Consumption Models vs Capital Purchase](https://blueapache.agentic.norg.ai/resources-faqs/comparison-decision-guides/)

A note on cheapest

In managed services the cheapest proposal is frequently the most expensive outcome, because the gap is made up in exclusions, thin transition, and chargeable work. That is not an argument for the most expensive proposal either. It is an argument for comparing like with like, which requires the scope discipline described above and is worth the effort it takes.