

Report

datto



Datto's 2019

State of the MSP Report

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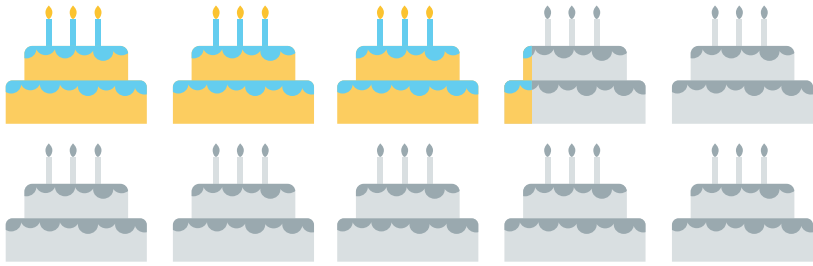
Introduction

Datto surveyed 1600+ managed service providers (MSPs) around the world to learn about their day-to-day lives, businesses, and IT Channel predictions. The result: a wealth of statistics covering everything from the technology MSPs are using and business challenges they're facing, to where they get their news and how many industry events they attend annually.

In Datto's State of the MSP Report, we go beyond a snapshot of today's MSPs and take a deeper dive into their lives and businesses. MSPs are the core of the IT Channel; by sharing these insights, we hope to help them overcome challenges and highlight resources to help them succeed.

Today's Managed Service Providers

31% of MSPs are between the **ages of 40-49**.



Age:

Under 21 **1%**

21-29 **10%**

30-39 **30%**

40-49 **31%**

50-59 **21%**

60-69 **6%**

70+ **1%**

Primary Role:

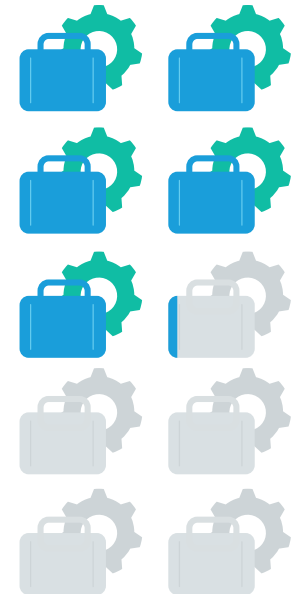


■ Technical **26%**

■ Business **23%**

■ A mix of both **51%**

51% of MSPs wear multiple hats and describe their primary role as a mix between **both technical and business** responsibilities.



Meet the MSP Leader



Watch:

- Game of Thrones
- Anything Marvel

Socialise on:

- Reddit
- Spiceworks
- LinkedIn

Consume:

- Blogs & webinars

Struggle with:

- Marketing & sales
- Revenue generation

Age: 40-49

Roles:

- C-level (CEO, CTO, CISO, etc.)
- Managing Director
- Executive Management (SVPs)

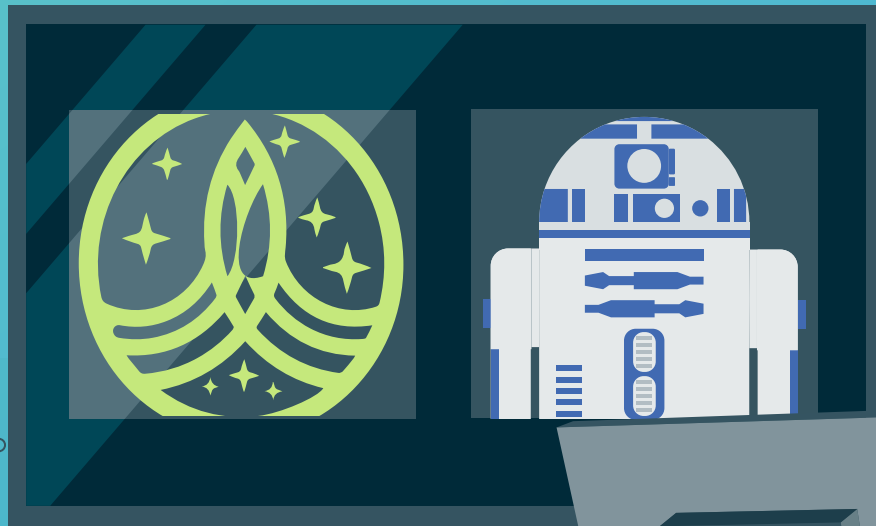
Subscribe to:

- CRN
- ChannelPro
- Channel Partners

Attend:

- 1-2 industry events per year

Meet the MSP Technician

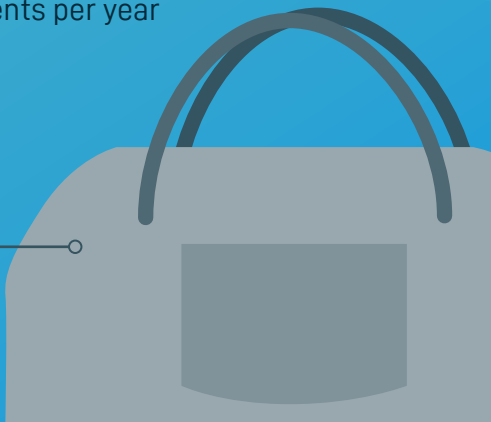


Watch:

- The Orville
- Star Wars

Attend:

- 1-2 industry events per year



Struggle with:

- Work/life balance
- Technology vendor issues
- Cybersecurity/
Ransomware issues

Age: 30-39



Tech Support

Roles:

- Service Desk/Help Desk
- Engineering

Socialise on:

- Reddit
- Spiceworks
- MSPAlliance
- Facebook

Consume:

- Videos & webinars

Subscribe to:

- CompTIA
- IT Business
- TechTarget

The Business of Managed Services

47% of MSPs have been in business for **16+ years**.



Years in Business:

Less than three years **10%**

3-5 years **7%**

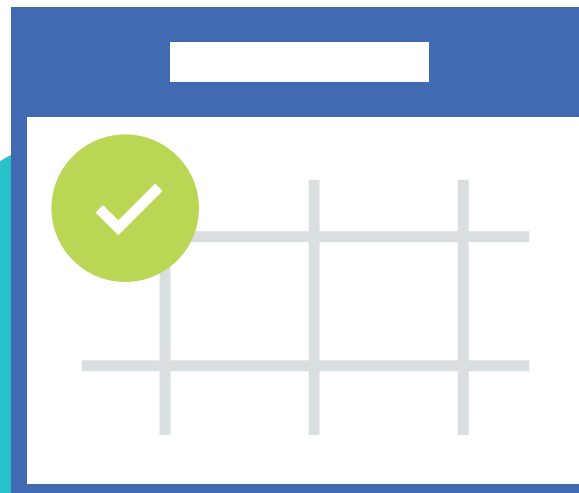
6-8 years **8%**

9-11 years **13%**

12-15 years **15%**

16+ years **47%**

**NEARLY
100%**
of MSPs state that **now**
is as good a time as
ever to be in their
industry.



MSP Staffing Trends

71% of MSPs plan to **hire between 1-5 employees** in the next year.



Hiring Projections:

1-5 **71%**

6-10 **6%**

11-15 **3%**

16-25 **2%**

26-50 **1%**

50+ **1%**

None **16%**



Recruiting Difficulty This Year vs. Last:



■ About the Same **58%**

■ Harder **37%**

■ Easier **5%**



Geo Trend:

Regionally, **45% of MSPs in Europe** report it will be **harder to recruit new talent** this year, compared to **37% globally**.



In the UK, we're seeing some nervousness in the job market, likely due to Brexit. People appear to be riding out this period of economic uncertainty before they think about taking up a new role, with a new employer. As soon as the uncertainty is out of the way, we hope to see a stronger job market, filled with more confident candidates.

Steve Stokes, New Business Director,
Aura Technology

Making Dollars and Cents of Managed Services

27% of MSPs report their businesses make between **\$1M-\$5M in annual revenue.**



Annual Revenue:

Less than \$200k **18%**

\$200-\$500k **19%**

\$500k-\$1M **14%**

\$1M-\$5M **27%**

\$5M-\$7.5M **10%**

\$7.5M+ **12%**

Recurring Revenue:

OVER 80%

of MSPs report driving a **portion of their revenue from recurring services.**



**All survey respondents answered in U.S. dollars.*

MSPs and their Clientele



59% of global MSPs report having between **1-100 clients**.



Size of Client-base:

1-100 **59%**

101-200 **18%**

201-300 **7%**

301-400 **4%**

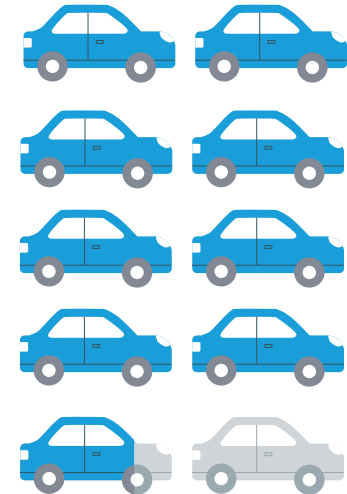
401-500 **2%**

501+ **10%**

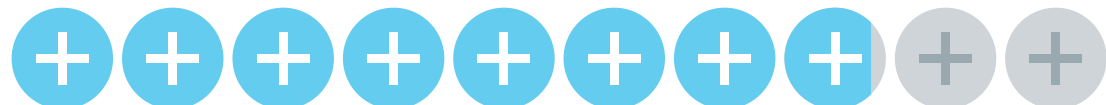
Face Time with Clients:

89%

of MSPs also report making at least one **client site visit per week**.



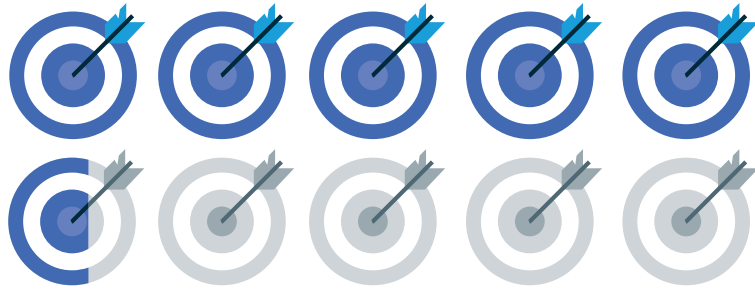
NEARLY 80%



of MSPs predict **adding** between **1-10 new clients** in the next 12 months.

MSP Specialisation

56% of MSPs are **specialising their services** for a particular industry.



Of this group, the most popular verticals MSPs report targeting are healthcare, finance, and legal.



Top Industries Targeted by MSPs:*

Healthcare **34%**

Finance **27%**

Legal **24%**

Non-profit **24%**

Manufacturing **23%**

Construction **20%**

Education **15%**

Real Estate **15%**

Government **13%**

Startups **10%**

We specialise for legal firms. My team is trained on the software today's firms use, so when issues occur we can be looked to and counted on for our expertise. This provides immense value to us. The firms we work with refer us to other firms and grow our overall bottom line.

Jim Turner, President and CEO,
Hilltop Consultants

*Survey respondents were able to select multiple choices.

Popular MSP Learning Tools

How MSPs Consume Industry-Related Content:

Top 3 Consumed Daily:

- Blogs/Articles
- Videos
- Email Newsletters

Top 3 Consumed Monthly:

- Online Training Courses
- Webinars
- Vendor Whitepapers

MSPs utilise a solid mix of written and visual formats to consume content. **Blogs, videos, and webinars ranked as the top three mediums MSPs use to learn about what's new in the IT Channel.**



Go-To MSP Business Resources

MSPs around the world ranked their top three publications and/or IT Channel websites as **CompTIA**, **The Channel Company**, and **ChannelPro**.

Top IT Channel Publications:

 **CompTIA**

 **The Channel Company**

 **ChannelPro**

 Channel Partners

 IT Business

 Datto Downtime Blog

 TechTarget

 MSSP Alert

 Redmond Channel Partner


 ARN

 Channel Futures

 Channele2e

 Heise

 Channelnomics

 Tubb Blog

 Dutch IT Channel

 Reseller News

 IT Europa

 Channel Asia


**Sign up for the Datto
Downtime Blog today!**

[Sign Up Now](#)



MSPs and Screen Time

What MSPs are Watching:



Game of Thrones

- The Punisher
- Ozark
- The Avengers



Star Trek

- Star Wars
- The Big Bang Theory



The Orville

- Suits
- True Detective

When it comes to leisurely content consumption, some things never change. **The majority of global MSPs rank Game of Thrones as their go-to series followed by Star Trek and The Orville.** IT professionals enjoy science fiction? Who knew!

Socially Savvy MSPs

Social Media Platforms MSPs Access Daily:*

The majority of MSPs are on **Facebook** and **LinkedIn** on a daily basis.

Facebook 63%

LinkedIn 58%

Twitter 31%

Instagram 30%

Snapchat 11%



Industry Event Attendance:

34%



Popular Online Communities MSPs Access:*

Globally, **Reddit**, **Spiceworks**, and **MSPAlliance** are the top three online communities.

Reddit 36%

ASCII 8%

Spiceworks 32%

IT Nation Evolve 5%

MSPAlliance 11%

**Survey respondents were able to select multiple choices.*



Reddit is popular among MSPs for news and trends because you get a wide range of unfiltered opinions, and the threaded format makes it easy to discuss. Other communities can seem too scattered to carry on a good conversation among a group of peers.

Kenneth May, CEO, Swift Chip, Inc.

What's Keeping MSPs Up at Night?

44% of MSPs report **marketing/sales** to be their leading pain points, followed by **work/life balance**.



Top Business Pain Points for MSPs:*

Marketing/Sales **44%**

Work/Life Balance **38%**

Revenue Growth **33%**

Ransomware/Cybersecurity **30%**

Hiring Good People **30%**

Technology or Vendor Issues **28%**

Profitability **27%**

Internal Operations **25%**

Company Culture **13%**

Compliance or Data Privacy Issues **13%**

Competition **9%**

Customer Churn **6%**




Geo Trend:

In Europe, good help is hard to find. MSPs in that region ranked **hiring good people as their #1 pain point**.

*Survey respondents were able to select multiple choices.

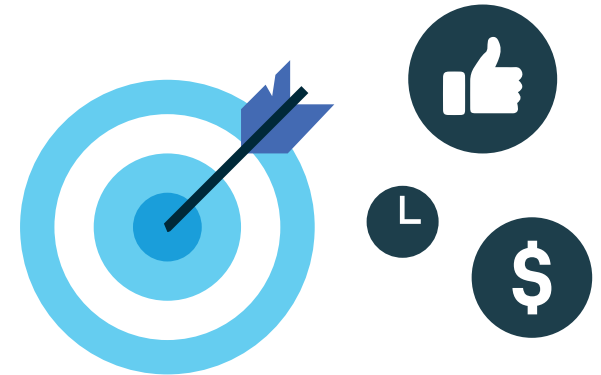
MSP Pain Point #1: Marketing and Sales

Why do managed service providers struggle with marketing and sales?



Many MSPs struggle with sales and marketing because they lack in-house resources and often don't have strong backgrounds in these areas. If lack of an in-house marketer is holding you back, consider partnering with an IT vendor who offers marketing automation tools or co-marketing opportunities that can help you overcome this hurdle.

Tracy Rock, Director of Marketing, Invenio IT



Tips from Marketing and Sales Savvy MSPs:

Sales Made MSPeasy


Cold Calling Made MSPeasy

Marketing Made MSPeasy

Lead Generation Made MSPeasy

MSP Pain Point #2: Work/Life Balance

Why are managed service providers struggling to attain work/life balance?



“Maintaining a healthy work/life balance can be really difficult for MSPs, especially when you're just starting out. For newer MSPs, the business owners often become the technician, salesperson, accountant - you name it. As MSP businesses grow, it's important to try to streamline as many operations as possible. Standardising offerings by partnering with single instead of multiple vendors, can also save you lots of time on the phone and more time focusing on the rest of your business.”

Kevin Damghani,
Chief Partner Experience Engineer, IT Partners



**Tips from MSPs on
Time Management:**

[Operations Made MSPeasy](#)

[7 Best Practices of
Successful MSPs](#)

[5 Tips for Break-fix
to MSP Success](#)

MSP Pain Point #3: Revenue Growth

How can MSPs achieve steady revenue growth in today's competitive IT landscape?



To keep revenue flowing, MSPs should consider expanding their portfolio with services they might not typically think to offer as a recurring service. Networking as a Service is a great example. Clients pay MSPs for managed services to keep their business' IT infrastructure operating efficiently. Networking as a Service is no different. Clients will invest to keep their networks, both wired and wireless, running efficiently. Adding services like this to your portfolio is a great way to obtain new, recurring revenue.

John Tippet, VP Product, Networking, Datto, Inc.



Tips From MSPs on Raking in Revenue:

**Recurring Revenue
Made MSPeasy**

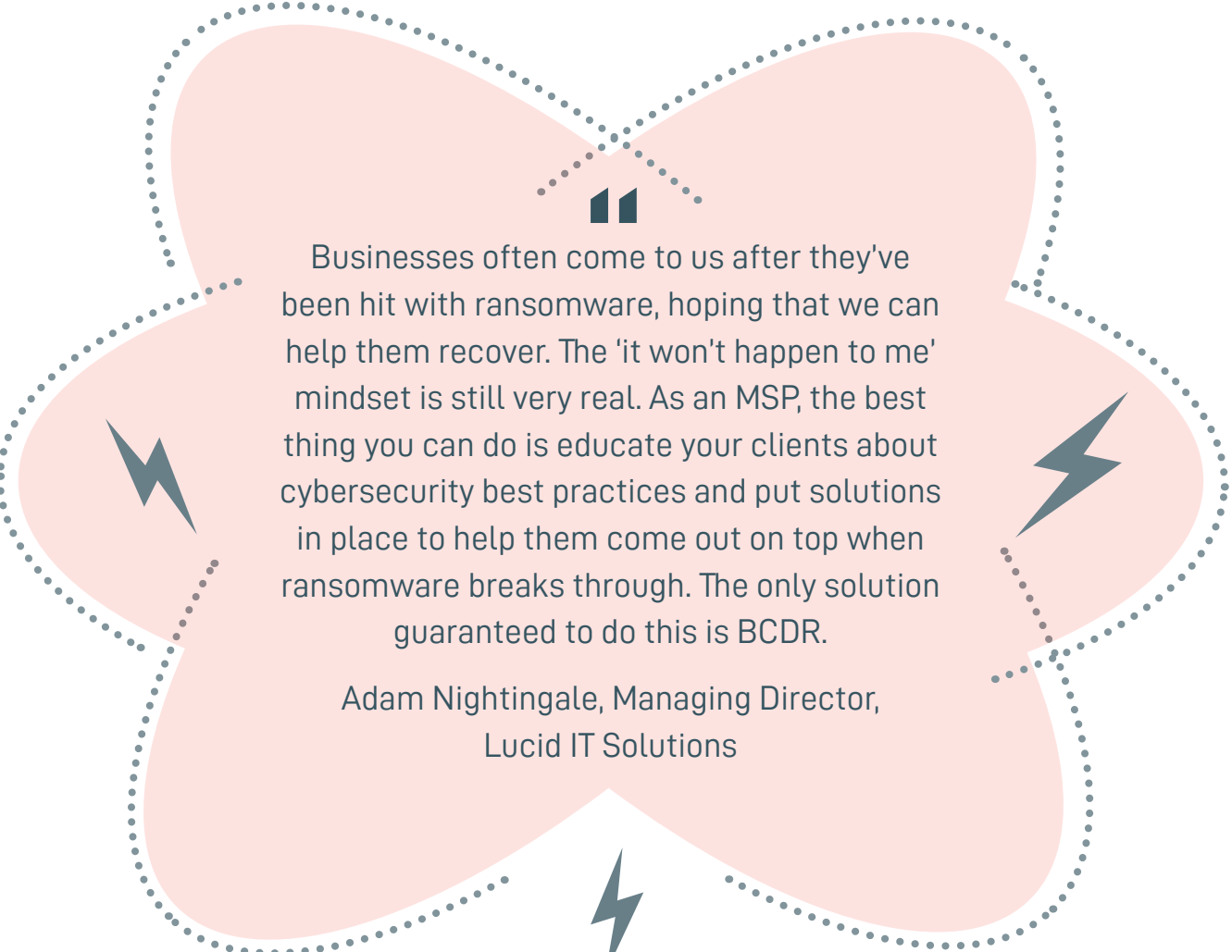
**Networking Sales
Made MSPeasy**

**Selling BCDR
Made MSPeasy**

**Mergers & Acquisitions
Made MSPeasy**

MSP Pain Point #4: Ransomware/Cybersecurity

Why do ransomware and cybersecurity issues continue to negatively impact today's MSPs and their clients?



Businesses often come to us after they've been hit with ransomware, hoping that we can help them recover. The 'it won't happen to me' mindset is still very real. As an MSP, the best thing you can do is educate your clients about cybersecurity best practices and put solutions in place to help them come out on top when ransomware breaks through. The only solution guaranteed to do this is BCDR.

Adam Nightingale, Managing Director,
Lucid IT Solutions



Tips From Cybersecurity Skilled MSPs:

[Datto's State of the Channel Ransomware Report](#)

[Cybersecurity Made MSPeasy Toolkit](#)


Datto Unified Continuity
[Learn More](#)

Top Products and Services Offered by MSPs

Products and Services:*

Help Desk **87%**

Networking (WiFi, switching, routing) **84%**

Productivity Software **79%**

Business Continuity and Disaster Recovery (BCDR) **75%**

Virtual Infrastructure (server, desktop, networking) **71%**

Security Management Software/Tools **62%**

VoIP Technology **60%**

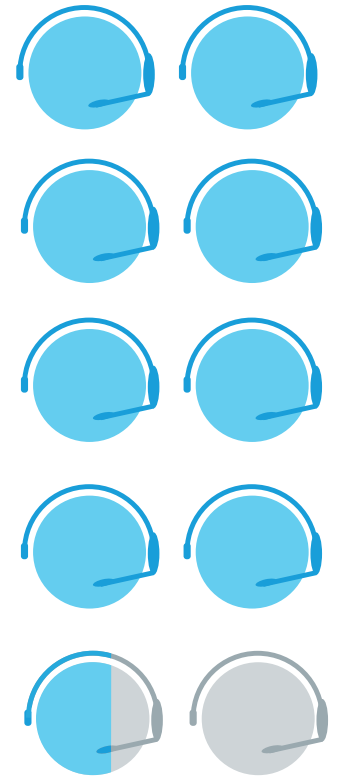
Cloud-Based Infrastructure Design and Management **54%**

Storage Design and Implementation **41%**

Internet Connectivity (VPN, Fiber, MPLS, Metro Ethernet) **41%**

87%

of MSPs report **help desk services as their biggest offering**, followed by networking products and services.



Fewer MSPs are offering break-fix services and are evolving their business models to be managed services focused. Once they've achieved the standard MSP offerings, like technical support or BCDR products, multiple layers of security solutions make their way into the mix.

Eric Torres, Channel, Development Manager,
Datto, Inc. & former MSP

*Survey respondents were able to select multiple choices.

MSP Technology Favorites

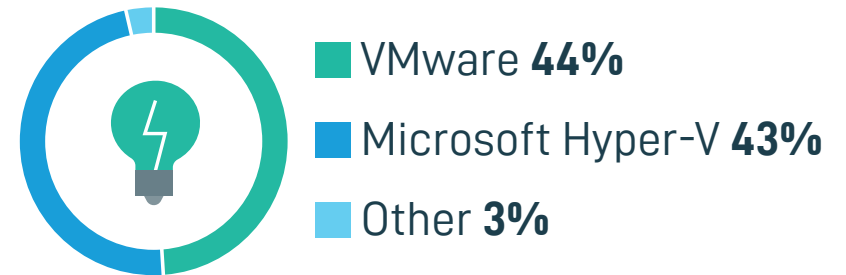
47% of MSPs report that **Dell is the top recommended server to clients.**



Top Servers Recommended to Clients:

- Dell **47%**
- HPE **25%**
- Lenovo **11%**
- Other **4%**
- I build my own servers **3%**

Most Popular Virtualisation Software:



Geo Trend:
In Europe and Asia-Pacific,
HPE server is king.

MSP Security Offerings

82% of MSPs consider **anti-virus the most critical security solution** for small-to-medium-sized businesses, followed by advanced firewall and RMM.



Most Critical Security Solutions, According to MSPs:*

<u>Anti-virus</u> 82%	<u>Data Loss Prevention (DLP)</u> 50%
<u>Advanced Firewall (UTM, NGFW, etc.)</u> 74%	<u>Web Content Filtering</u> 49%
<u>Remote Monitoring and Management (RMM)</u> 69%	<u>Virtual Private Network (VPN)</u> 44%
<u>Patch Management</u> 68%	<u>Vulnerability Scanning</u> 41%
<u>Anti-spam</u> 63%	<u>Threat Intelligence</u> 35%
<u>End User Training and Education</u> 56%	<u>Traditional Firewall</u> 33%
<u>Intrusion Detection and Prevention</u> 56%	<u>Identity and Access Management (IAM)</u> 17%
<u>Two-factor Authentication</u> 55%	<u>Privileged Access Management (PAM)</u> 11%
<u>Password Policy Management</u> 50%	

**Survey respondents were able to select multiple choices.*



Technology advances every day. Unfortunately, so does cybercrime and related vulnerabilities. As a result, businesses need more than anti-virus to have peace of mind. For our clients, we recommend bundling patch management as well as anti-spam and anti-phishing software—in addition to upgrading to advanced firewall, which has the ability to block malware, something a traditional firewall will never be able to achieve.

Dale Shulmistra, President, InvenioIT

Driving Managed Services Forward

Solutions that Positively Impacted MSP Businesses in the Past Year:

- 🏆 Remote Monitoring and Management (RMM)
- 🏆 Cloud Storage and Management
- 🏆 Productivity Software
- 🏆 Business Continuity and Disaster Recovery (BCDR)
- 🏆 Professional Services Automation (PSA)
- 🏆 Documentation Software
- 🏆 Cybersecurity
- 🏆 Networking
- 🏆 Voice over Internet Protocol (VoIP)



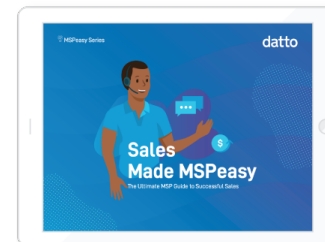
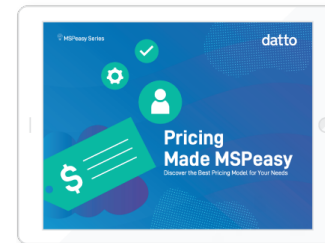
As more clients shift to cloud-based productivity software, like Office 365 and G Suite, we are seeing a major opportunity for SaaS backup to protect those services. In the last year, SaaS Protection has been our fastest growing offering.

Kevin Damghani, Chief Partner Experience Engineer,
IT Partners

Key Takeaways

- Today's MSPs are between the ages of 30-49 and report their organisations have been in business for 16+ years. Nearly 100% of MSPs surveyed say that now is as good a time as ever to be in their industry.
- The majority of MSPs report annual revenue between \$1M-\$5M. Over 80% of MSPs report driving a portion of their earnings from recurring services.
- 55% of MSPs report having between 1-100 clients. 89% of MSPs also report making at least one client site visit per week. In the next 12 months, more than half of MSPs predict adding between 1-10 new clients.
- MSPs around the world ranked their top three IT Channel publications as CompTIA, The Channel Company, and ChannelPro.
- The majority of MSPs are accessing Facebook and LinkedIn on a daily basis and list Reddit, Spiceworks, and MSPAlliance as the top three online communities they're hanging out on.
- Marketing and sales continue to be the top two pain points of global MSPs, followed by work/life balance, revenue growth, and ransomware/cybersecurity.
- Nearly half of MSPs report recommending Dell servers to clients, followed by one quarter who recommend HPE. 44% of MSPs report utilising VMware as their virtualisation software, closely followed by 43% who report using Microsoft Hyper-V.
- The majority of MSPs plan to hire between 1-5 employees in the next 12 months: most predict the ease of hiring to be about the same compared to last year.
- The top 3 most critical security offerings according to MSPs are anti-virus, advanced firewall, and remote monitoring and management (RMM) solutions.
- MSPs report RMM, cloud storage management, productivity software, business continuity and disaster recovery (BCDR), and professional services automation (PSA) among the solutions that positively impacted them the most last year.

Additional Resources:



About the Report

Datto's 2019 State of the MSP Report is comprised of statistics pulled from a survey of roughly 1,600 managed service providers across the globe. To learn more about the results, please reach out to [Katie Thornton](#), Director, Content and Marketing Programs at Datto, Inc.

About Datto

As the world's leading provider of IT solutions delivered by Managed Service Providers (MSPs), Datto believes there is no limit to what small and medium businesses can achieve with the right technology. Datto offers business continuity and disaster recovery, networking, business management, and file backup and sync solutions, and has created a one-of-a-kind ecosystem of partners that provide Datto solutions to half a million businesses across more than 130 countries. Since its founding in 2007, Datto has earned hundreds of awards for its rapid growth, product excellence, superior technical support, and for fostering an outstanding workplace. With global headquarters in Norwalk, Connecticut, Datto has international offices in the United Kingdom, Netherlands, Denmark, Germany, Canada, Australia, China, and Singapore. Learn more at datto.com.

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