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State of the MSP Industry 2025 Look Ahead:
Trends, Growth and Strategies for Success

Introduction

Managed service providers play a crucial role in keeping businesses running smoothly worldwide, fueling progress and helping companies adapt as technology evolves. In 2024, Datto set out to capture the evolving story of these tech leaders by surveying over 1,000 MSPs worldwide. The goal: to uncover their experiences, challenges and aspirations for the future.

This report, "State of the MSP Industry 2025 Look Ahead: Trends, Growth and Strategies for Success," uncovers the key insights and emerging trends that will shape the MSP landscape in the coming year. Three central themes emerged about what is shaping what's next for MSPs:

Racing to the top: Growth and competitiveness in the MSP market

The MSP market is expanding rapidly, fueled by the increasing demand for advanced security and technology expertise. To remain competitive, MSPs must adapt to rising client expectations and position themselves as indispensable technology partners.

**Unlock hidden profitability: Maximizing the potential for MSPs**

Profitability remains a pressing concern, but there's a silver lining: Many MSPs recognize untapped opportunities to expand their managed services portfolio, driving both revenue and client satisfaction.

Embrace innovation for elevated growth

The most successful MSPs — nearly 200 respondents earning over $10 million annually — are leading the charge by leveraging a growing portfolio of managed services, cloud solutions and automation to secure long-term success. Their methods are a guide for others looking to build sustainable growth.

This report gives MSPs the insights and tools to overcome challenges and seize opportunities. Let's explore how to turn these trends into strategies for success.
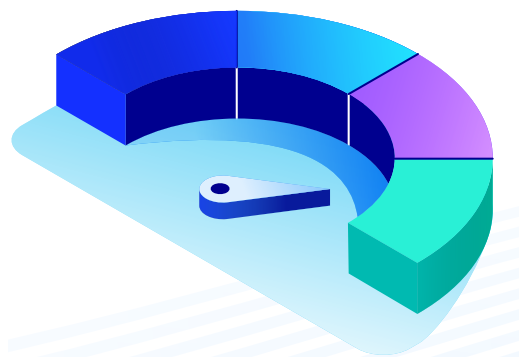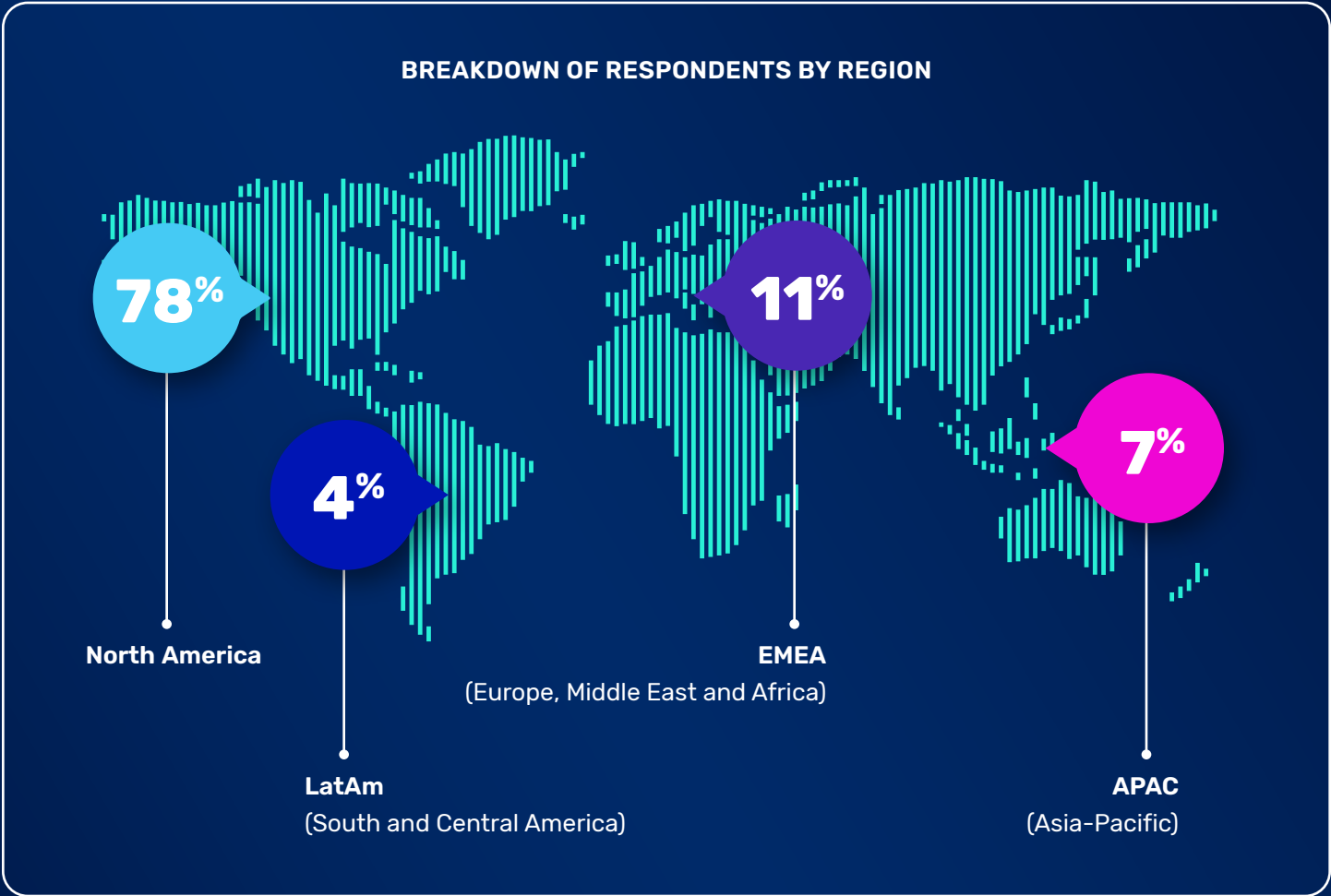
The expanding MSP market: Opportunities and challenges

The MSP market continues to thrive, characterized by growth, evolving service offerings and competition. Insights from the survey reveal both emerging opportunities and challenges.

Market overview and respondent demographics

The 2024 Datto State of the MSP survey garnered responses from over 1,000 MSPs globally, providing a robust data set to analyze trends and industry benchmarks.

BREAKDOWN OF RESPONDENTS BY REGION

78% — North America

4% — LatAm (South and Central America)

11% — EMEA (Europe, Middle East and Africa)

7% — APAC (Asia-Pacific)

Respondent organization sizes

The survey captured a wide range of organization sizes, reflecting the varied nature of MSP operations. Smaller MSPs (1-14 employees) account for nearly 30% of respondents, indicating the importance of niche, agile service providers. Larger organizations (50+ employees), however, dominate in revenue, showcasing how scalability correlates with profitability.
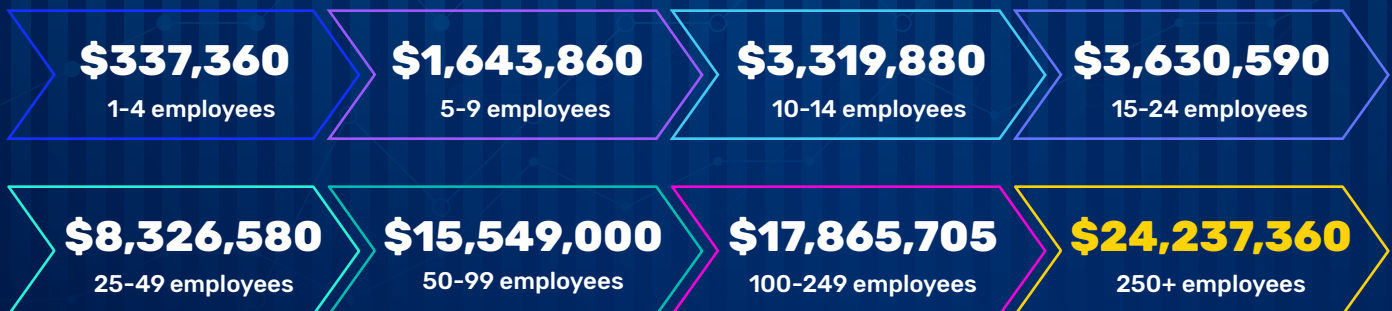
BREAKDOWN OF RESPONDENTS BY ORGANIZATION SIZE

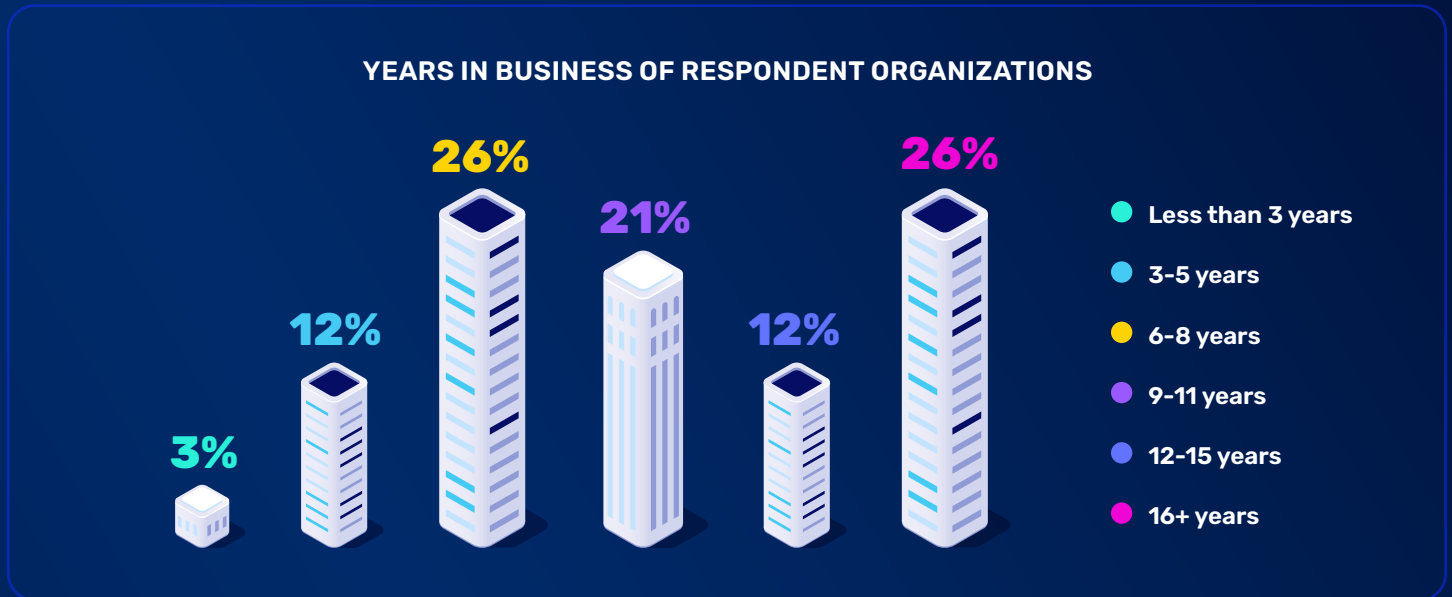| **11%**	**9%**	**10%**	**12%**
1-4 employees	5-9 employees	10-14 employees	15-24 employees
13%	**16%**	**17%**	**12%**
25-49 employees	50-99 employees	100-249 employees	250+ employees

Revenue insights

Revenue growth is steady across the MSP industry, with larger organizations generally earning higher revenue on average. However, smaller MSPs continue to demonstrate significant growth potential.

AVERAGE REVENUE BASED ON ORGANIZATION SIZE

$337,360	**$1,643,860**	**$3,319,880**	**$3,630,590**
1-4 employees	5-9 employees	10-14 employees	15-24 employees
$8,326,580	**$15,549,000**	**$17,865,705**	**$24,237,360**
25-49 employees	50-99 employees	100-249 employees	250+ employees

Years in business

The MSP market demonstrates maturity, as evidenced by the majority of respondents being in operation for six years or more.

YEARS IN BUSINESS OF RESPONDENT ORGANIZATIONS

3% — 12% — 26% — 21% — 12% — 26%

- ● Less than 3 years
- ● 3-5 years
- ● 6-8 years
- ● 9-11 years
- ● 12-15 years
- ● 16+ years

The large number of MSPs with six or more years in business shows that the industry is maturing, with experience often leading to growth and stability. However, the 15% of younger MSPs (under six years) represent a fresh wave of innovation and adaptability, particularly in regions or verticals where demand is growing.

Revenue trends and future expectations

The MSP industry continues to prove its ability to adapt and thrive, even with challenges like growing competition and economic uncertainty. Revenue growth remains a key focus, showing just how essential managed services are in today's fast-changing tech world.

Key findings from the survey include:

- **64%** of MSPs reported revenue increases in the past year.

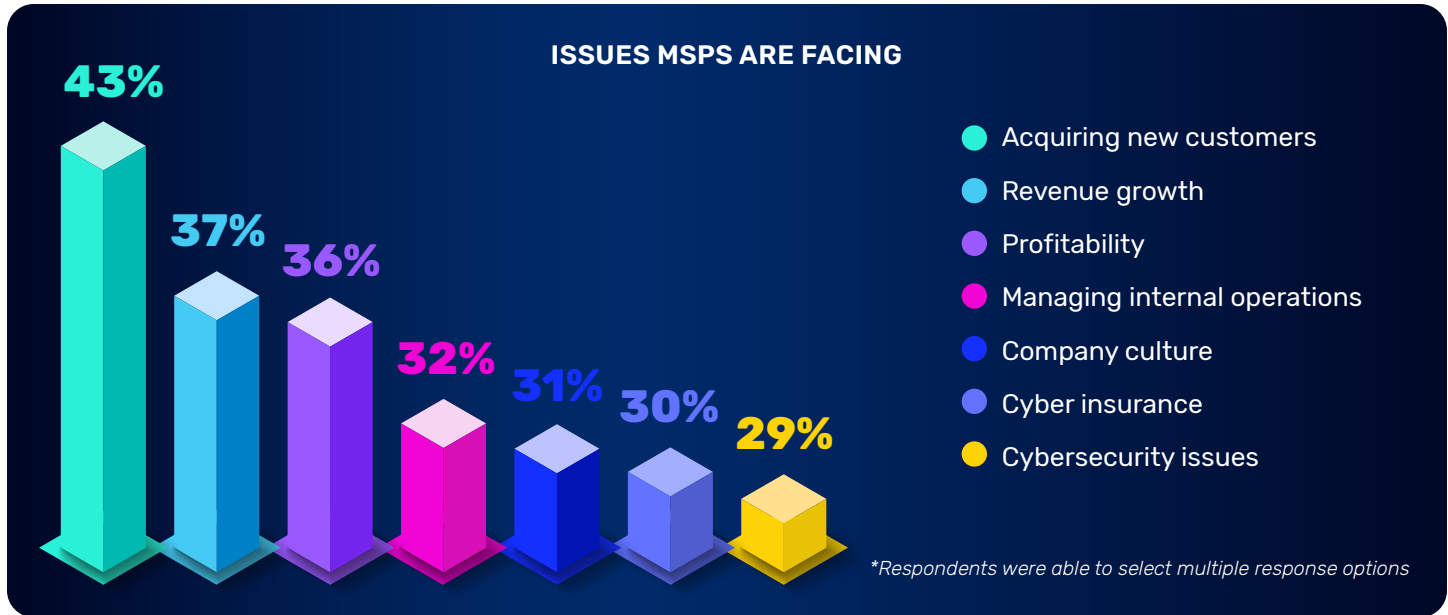- **67%** expect further growth in the next three years.

Regional spotlight: **73% of EMEA respondents expect revenue to increase in the next three years, reflecting a strong sense of optimism across the region.**

These trends show just how resilient and full of potential the MSP market is. The steady rise in revenue points to growing opportunities across regions and industries. As businesses keep investing in IT, MSPs are proving to be essential partners, driving both innovation and stability.

Top concerns: What's keeping MSPs up at night?

Despite optimistic revenue trends, MSPs face a variety of challenges that reflect the competitive nature of the industry and the internal pressures of maintaining a successful business. This year's survey highlights key issues that MSPs are prioritizing as they navigate growth, profitability and client demands.

The top concerns for 2024 are:

ISSUES MSPS ARE FACING

- 43% Acquiring new customers
- 37% Revenue growth
- 36% Profitability
- 32% Managing internal operations
- 31% Company culture
- 30% Cyber insurance
- 29% Cybersecurity issues

*Respondents were able to select multiple response options

Regional spotlight: **Staffing emerged as the top issue for EMEA respondents, cited by 45% — a reflection of regional labor market dynamics.**
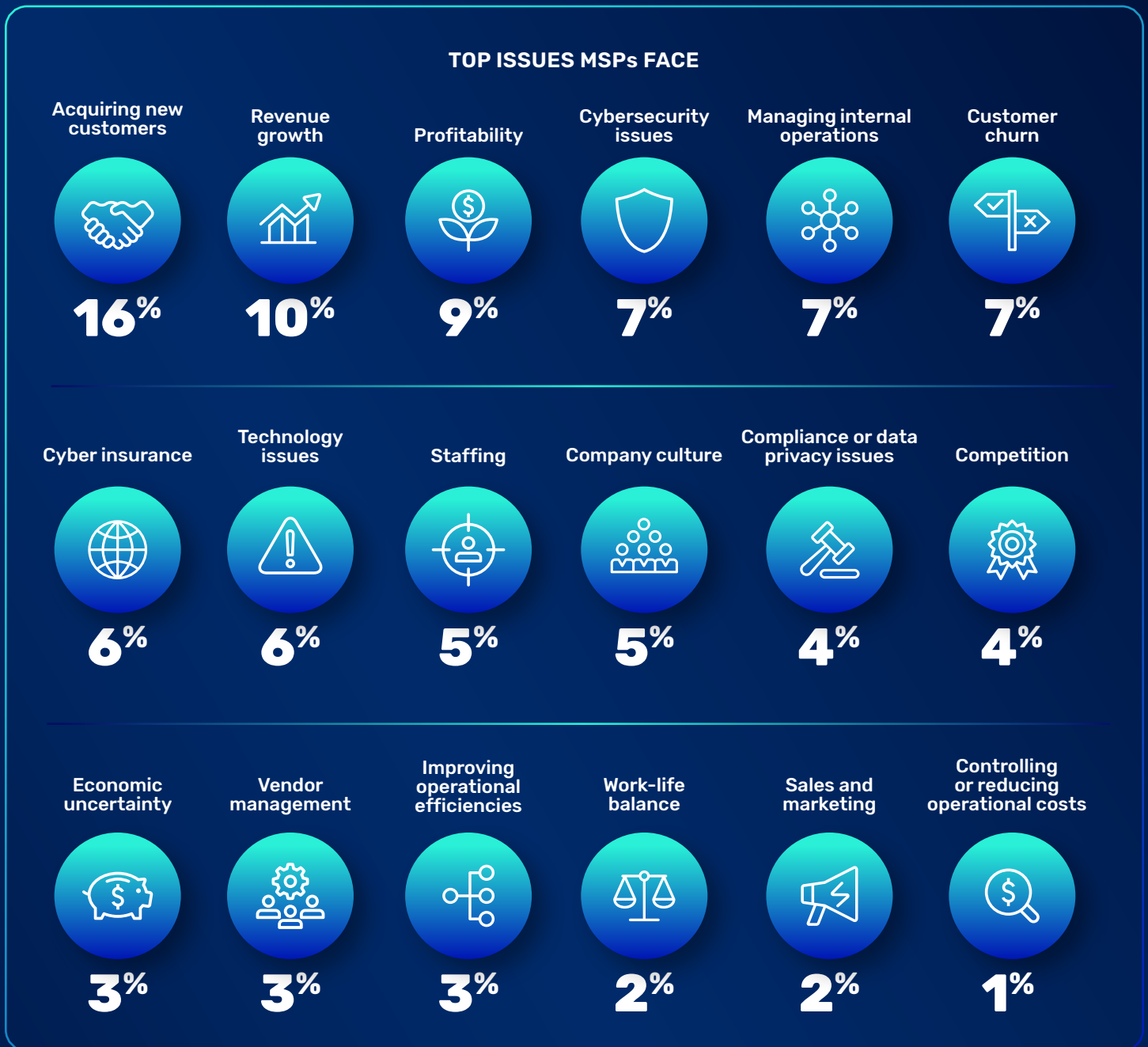
In last year's survey, competition was the most frequently cited challenge, mentioned by 35% of respondents. While competition still influences many of these concerns, this year's results show a shift in focus toward internal priorities like profitability and operational efficiency — elements critical to sustaining long-term success.

In fact, when participants were asked how important profitability would be for them over the next 12 months, **91%** identified it as at least a moderate priority. Of these, **63%** ranked it as either a top or high priority, signaling profitability's growing importance as MSPs work to balance rising operational costs with sustainable growth.

Profitability is a priority for 91% of MSPs.

When respondents were asked to select the single most pressing issue from their top five concerns, the results provided even deeper insights.
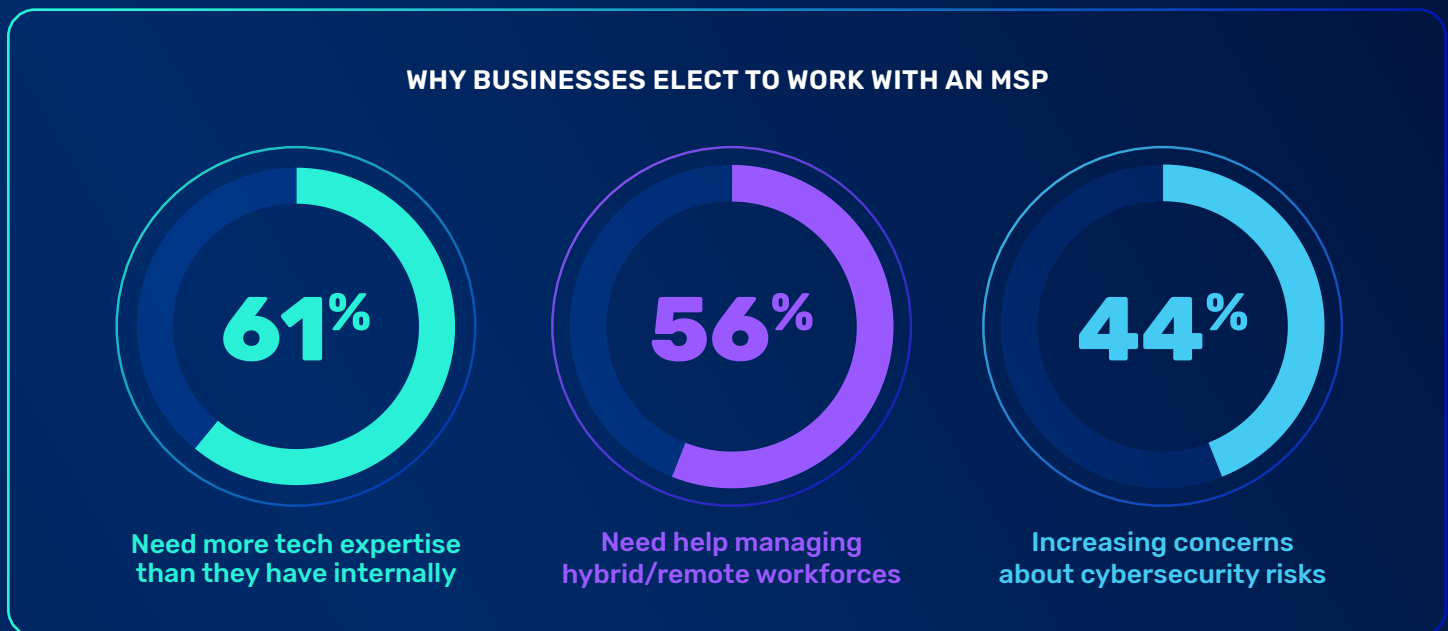
TOP ISSUES MSPs FACE

Acquiring new customers	Revenue growth	Profitability	Cybersecurity issues	Managing internal operations	Customer churn
16%	**10**%	**9**%	**7**%	**7**%	**7**%

Cyber insurance	Technology issues	Staffing	Company culture	Compliance or data privacy issues	Competition
6%	**6**%	**5**%	**5**%	**4**%	**4**%

Economic uncertainty	Vendor management	Improving operational efficiencies	Work-life balance	Sales and marketing	Controlling or reducing operational costs
3%	**3**%	**3**%	**2**%	**2**%	**1**%

While bringing in new customers remains the biggest challenge for many MSPs, profitability is becoming a top concern — and for good reason. Without revenue growth that leads to healthy profit margins, MSPs can't sustain their business, invest in operations or innovate to stay competitive in a fast-changing market.

If MSPs don't charge what their services are truly worth, they risk going out of business. MSPs provide an invaluable service, keeping businesses running smoothly and securely. That level of expertise deserves fair compensation. Undercharging not only undervalues the work but also limits their ability to invest in the tools, training and staff needed to deliver exceptional results.

Why SMBs choose MSPs

Even with challenges, SMBs still lean on MSPs. When asked why, respondents had several options to choose from, but these three reasons were selected the most:

WHY BUSINESSES ELECT TO WORK WITH AN MSP

61%
Need more tech expertise than they have internally

56%
Need help managing hybrid/remote workforces

44%
Increasing concerns about cybersecurity risks

*Respondents were able to select multiple response options

Businesses rely heavily on MSPs to fill critical IT gaps, and that reliance highlights just how valuable MSPs are. Cybersecurity remains a major focus, but the ongoing need for hybrid workforce management shows how MSPs are constantly adapting to long-term changes in the way businesses operate.

This level of trust makes MSPs more than just service providers — they're essential partners for businesses that want to stay competitive, secure and prepared for the future. **Simply put, businesses need MSPs to succeed, and it's up to MSPs to ensure they're charging what they're worth to keep delivering the value their clients rely on.**

Thriving in an evolving industry: Key takeaways for MSPs

The data tells a compelling story of a thriving yet rapidly evolving MSP industry. Here are the key takeaways:

- Smaller MSPs can stay competitive by leveraging their agility and niche expertise, giving them an edge even against larger players.

- Revenue growth depends on scalability, but smaller MSPs can still find plenty of opportunities to succeed.

- Managed and co-managed services showcase the many ways MSPs add value, especially in high-demand areas like cybersecurity, cloud management and BCDR.

- Client reliance on MSPs is only growing, with businesses depending on them for expertise, security and operational support — making MSPs an absolutely necessary service.

Unlocking the secrets of high-earning MSPs

As the MSP world evolves, the most successful providers are those that stay ahead of trends, keep innovating and adapt to their clients' changing needs. The top-earning MSPs — which we've defined as businesses bringing in $10 million or more annually — set the standard with their focus on managed services, cloud solutions and automation. By learning from their strategies, other MSPs can uncover valuable insights to drive their own growth and success.

Profile of top-earning MSPs

MSPs making $10 million or more a year are setting the standard for the industry's future. These top performers stand out for their proactive approach to adopting new technologies and delivering exceptional client service.

Embracing cloud solutions

The highest earners lead the way in **cloud adoption**, leveraging it as a tool for efficiency, scalability and modern client solutions:

59% of top earners have migrated all client workloads to the cloud.

The three workloads high-performing MSPs most frequently send to the cloud are:

**MOST COMMONLY MIGRATED WORKLOADS
(FOR MSPS EARNING $10 MILLION+ ANNUALLY)**

62% File servers **50%** Databases **35%** Web servers
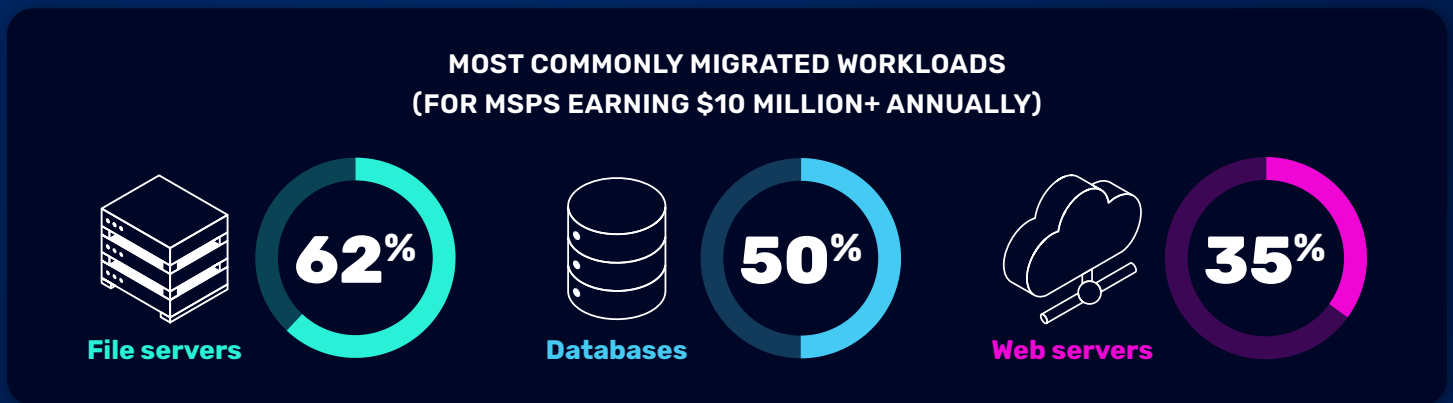
*Respondents were able to select multiple response options

Additionally, the most widely used public cloud platforms among top-performing MSPs are **Microsoft Azure**, **Amazon AWS** and various **SaaS applications**, showcasing how cloud solutions have become a cornerstone of their service offerings.

Leveraging automation

High earners are leading the way in operational efficiency:

- **48% say their IT management tools significantly enhance operations.**
- **44% are satisfied with the automation capabilities of their tools.**

By automating repetitive tasks, these MSPs can serve more clients without increasing costs, ensuring scalability and profitability.

Key drivers of success and industry trends

The practices of high earners highlight emerging trends and priorities that are reshaping the MSP market. Their focus provides a clear indication of where the industry is headed.

Managed security services

Security remains a critical focus area for MSPs, especially high earners.

Their most popular offerings are:

97% of high-earning MSPs offer managed security services.

TOP SECURITY SERVICES OFFERED BY MSPS EARNING $10 MILLION+ ANNUALLY

49% Email security

Endpoint detection and response **43%**

42% Managed detection and response

Respondents were able to select multiple response options

PLANNED MANAGED SECURITY OFFERINGS OVER THE NEXT 12 MONTHS

45% Endpoint detection and response (EDR)

Endpoint security **43%**

40% Email security

Managed detection and response (MDR) **39%**

Respondents were able to select multiple response options

The emphasis on security solutions shows how MSPs are responding to their clients' growing need for protection against cyberthreats and stronger operational resilience. High earners are leading the charge, using cutting-edge technologies like EDR, MDR and email security to stay ahead of the curve. For MSPs, investing in these solutions is essential to keep up with rising threats and maintain their role as trusted partners in protecting businesses.

Strategies for smaller MSPs

For smaller MSPs aiming to grow, the practices of high earners offer a roadmap to success. By mirroring the strategies of top performers, smaller providers can position themselves for sustainable growth.

Diversify services

Expanding into new managed services — such as endpoint detection, cloud infrastructure management and dark web scanning — helps MSPs meet both current and emerging client needs.

Prioritize security

Security solutions like EDR, email security and MDR are critical for retaining clients and attracting new business. As cybersecurity concerns rise, investing in these services is no longer optional.

Leverage cutting-edge tools

Smaller MSPs can achieve efficiency gains by adopting AI-driven security tools and automating repetitive IT tasks, enabling them to scale operations without significantly increasing costs.

High earners succeed because they focus not just on growth but on smart growth — expanding their services in alignment with client needs, leveraging automation for efficiency and building robust security frameworks. Smaller MSPs that adopt similar strategies can position themselves to capture market share and increase profitability.

Chasing profitability: Maximizing margins and streamlining operations

Profitability is the heart of every MSP's growth strategy. As the industry changes, it's more important than ever to focus on boosting margins through smarter operations, automation and steady recurring revenue.

Vendor consolidation: Reducing complexity and costs

Vendor consolidation is a growing trend among MSPs as they seek to streamline operations and improve margins. The survey responses reveal that:

63% of respondents prefer using fewer vendors to meet their technology needs.

46% of MSPs view vendor consolidation as a priority over the next 12 months.

Consolidating vendors provides numerous benefits:

Simplified vendor management and billing processes.

Enhanced integration between tools, reducing inefficiencies.

Lower operational overhead, freeing up resources for high-value activities.

Automation: Driving efficiency for higher margins

Automation is a powerful tool for improving profitability. Top-performing MSPs report significant efficiency gains by automating routine IT management tasks. The survey highlights:

48% of high earners say their IT management tools enhance operational efficiency.
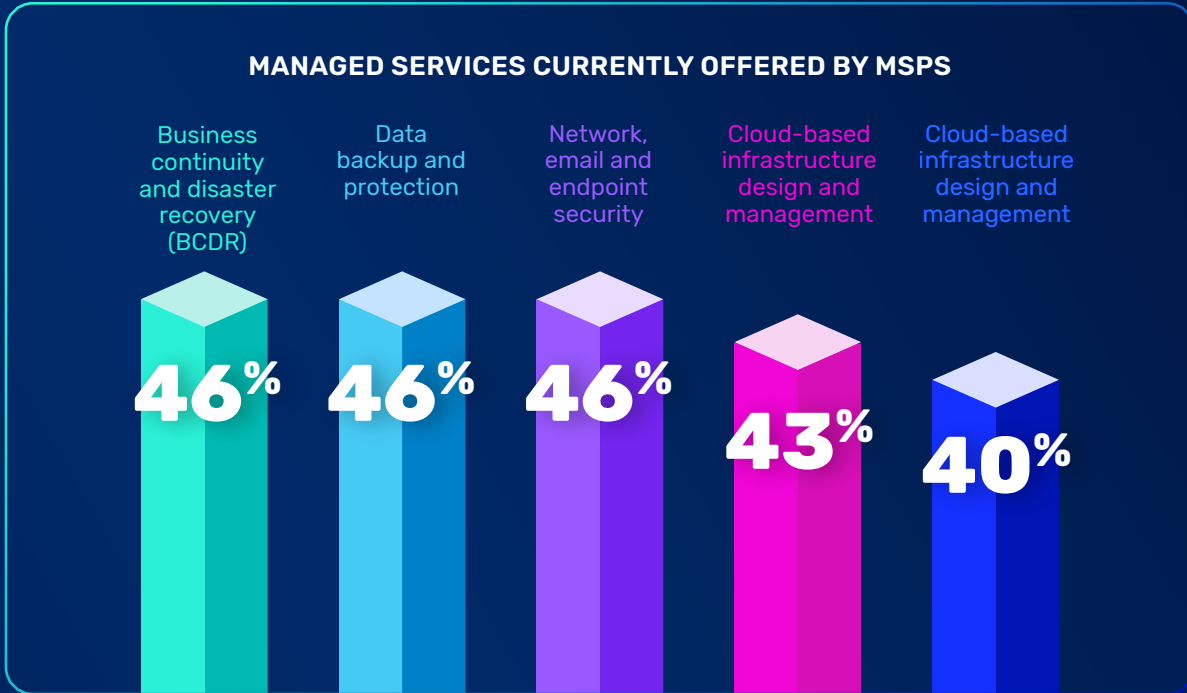
44% are satisfied with the level of automation their current solutions provide.

IT pros should seek out IT management tools with built-in automation and AI capabilities to streamline processes, minimize wasted time and improve technician productivity. Additionally, staying informed about emerging AI-driven solutions designed to optimize service delivery can help MSPs stay ahead of the curve and scale their operations efficiently.

Maximizing managed service offerings for increased profitability

Managed services

Clients rely on MSPs for a wide range of managed services, from core IT support to advanced cloud infrastructure management. The most popular services are:
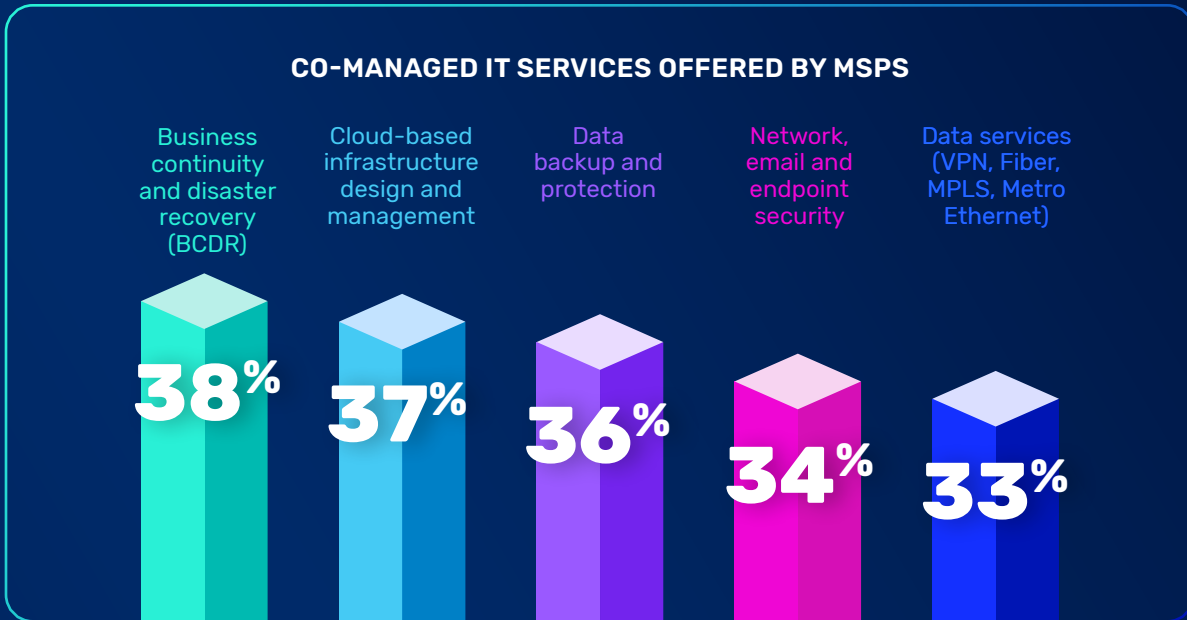
MANAGED SERVICES CURRENTLY OFFERED BY MSPS

Business continuity and disaster recovery (BCDR)	Data backup and protection	Network, email and endpoint security	Cloud-based infrastructure design and management	Cloud-based infrastructure design and management
46%	46%	46%	43%	40%

Respondents were able to select multiple response options

The focus on BCDR, data protection and security services highlights the top priorities of SMBs: protecting their operations from disruptions and cyberthreats. Cloud infrastructure services are also a key offering, showing the steady move toward cloud adoption.

Co-managed IT services

A significant 83% of MSPs offer co-managed IT services, collaborating with clients' internal IT teams. The top co-managed services provided are:

CO-MANAGED IT SERVICES OFFERED BY MSPS

Business continuity and disaster recovery (BCDR)	Cloud-based infrastructure design and management	Data backup and protection	Network, email and endpoint security	Data services (VPN, Fiber, MPLS, Metro Ethernet)
38%	37%	36%	34%	33%

Respondents were able to select multiple response options

Expanding managed services offerings allows MSPs to address client priorities, particularly in areas like security, cloud management and advanced IT solutions. This not only enhances client satisfaction but also opens up new revenue streams.

Spending on managed services is growing

Spending on managed services demonstrates the increasing value clients place on MSP offerings. According to the survey:

4% of clients spend over **$500,000** annually.

20% spend **$25,000 to $49,999** annually.

11% spend **$250,000 to $500,000** annually.

14% spend **$10,000 to $24,999** annually.

18% spend **$100,000 to $249,999** annually.

10% spend **less than $10,000** annually.

23% spend **$50,000 to $99,999** annually.

These numbers show just how much revenue managed services can bring in, especially for MSPs that focus on attracting high-value clients.

Expanding recurring revenue streams

Recurring revenue is the backbone of a profitable MSP business model, accounting for the majority of our respondents' revenue:co-managed services provided are:

RESPONDENTS' REVENUE SOURCES

20%
Consulting services

37%
Monthly recurring service basis

21%
Project basis

22%
Break-fix basis
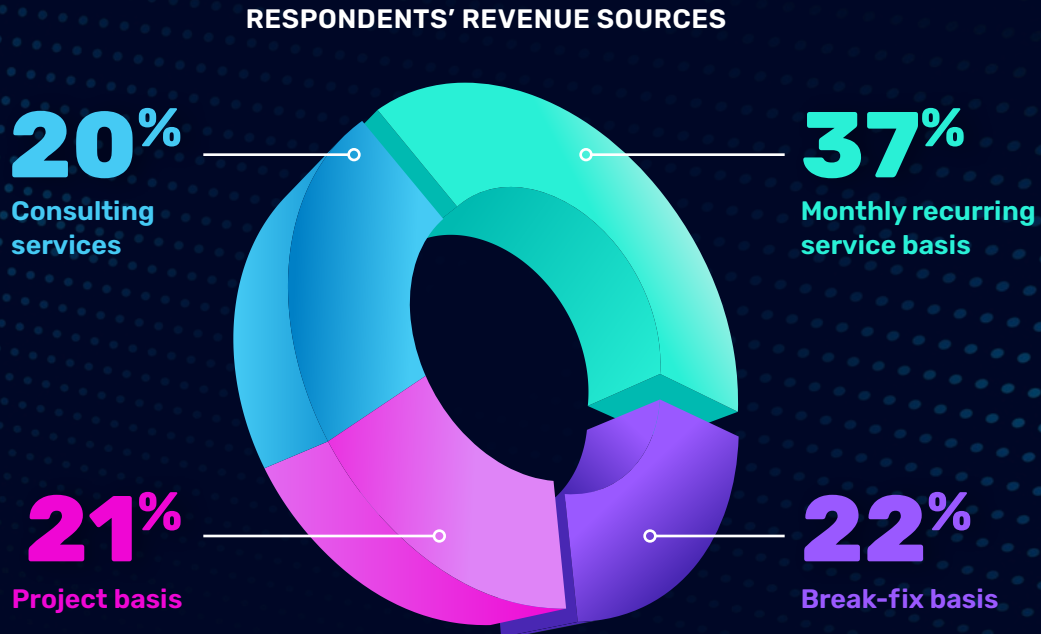
Steady, predictable income helps cover operational costs and leaves room for growth. Unlike one-off projects or break-fix work, recurring revenue creates financial stability, allowing MSPs to plan, invest in better tools and deliver top-notch service. It's a smarter way to build lasting client relationships while ensuring your business stays profitable in the long run.

Making profitability a priority

Maximizing profitability requires a multifaceted approach. MSPs must streamline operations through vendor consolidation, leverage automation for efficiency and prioritize recurring revenue streams, like managed security services. By focusing on these strategies, MSPs can build scalable, high-margin business models that thrive in an increasingly competitive landscape.
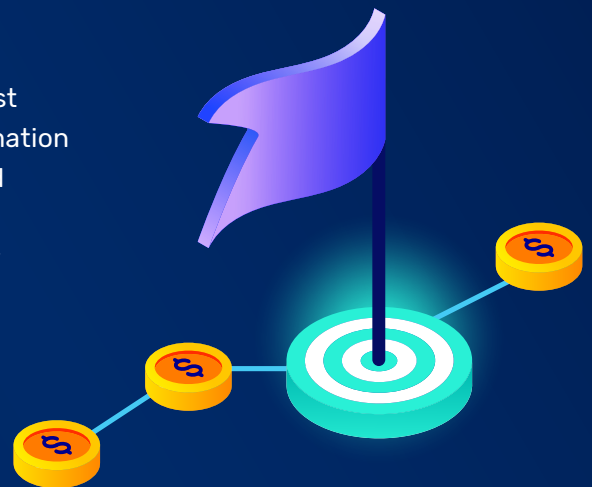
Cybersecurity challenges and opportunities

As cyberthreats become more advanced, MSPs and their clients face more complex challenges than ever. However, those challenges bring major opportunities for MSPs to stand out, expand their services and boost revenue.

Top cybersecurity concerns

For MSP clients

Cybersecurity threats have become a pervasive issue for MSP clients, with many reporting significant incidents over the past 12 months. The most frequently cited threats are:

SECURITY ISSUES MSP CLIENTS HAVE BEEN AFFECTED BY IN THE LAST 12 MONTHS

PHISHING MESSAGES **64**%

BUSINESS EMAIL COMPROMISE **61**%

COMPUTER VIRUSES OR MALWARE **59**%

PASSWORD COMPROMISE **56**%

ENDPOINT THREATS **51**%
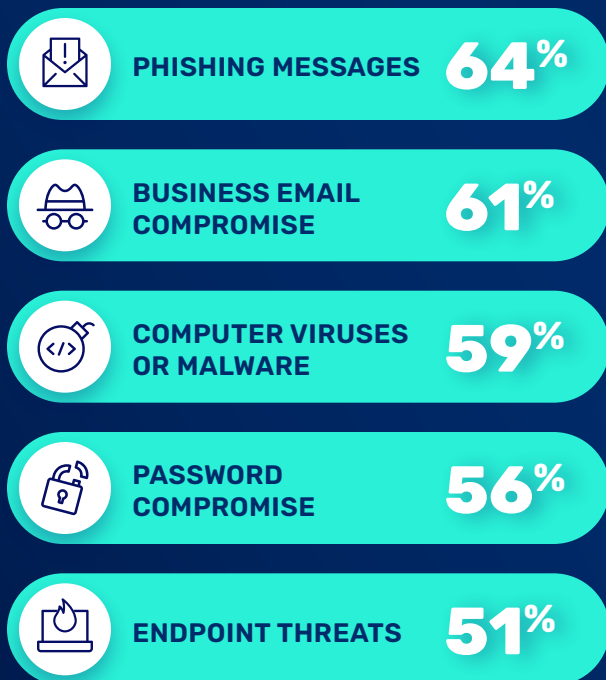
Respondents were able to select multiple response options

Clients are more frequently impacted by these threats than the MSPs themselves, highlighting the critical need for proactive protection and education to mitigate risks.

For MSPs

MSPs are not immune to cyber-risks. The threats they most frequently faced in the past year are:

SECURITY ISSUES MSPS HAVE BEEN AFFECTED BY IN THE LAST 12 MONTHS

ATTACKS ON REMOTE WORK TOOLS **38**%

PHISHING MESSAGES **36**%

AI-SUPPORTED ATTACKS **32**%

SUPPLY CHAIN ATTACKS **29**%

ENDPOINT THREATS **29**%
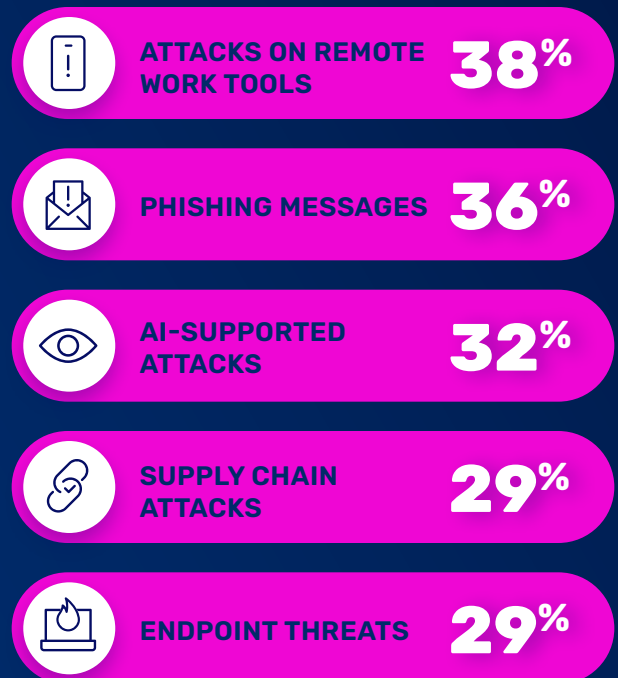
Respondents were able to select multiple response options

MSPs must not only defend their clients but also their own systems, especially as attacks targeting remote work tools and leveraging AI grow more prevalent.
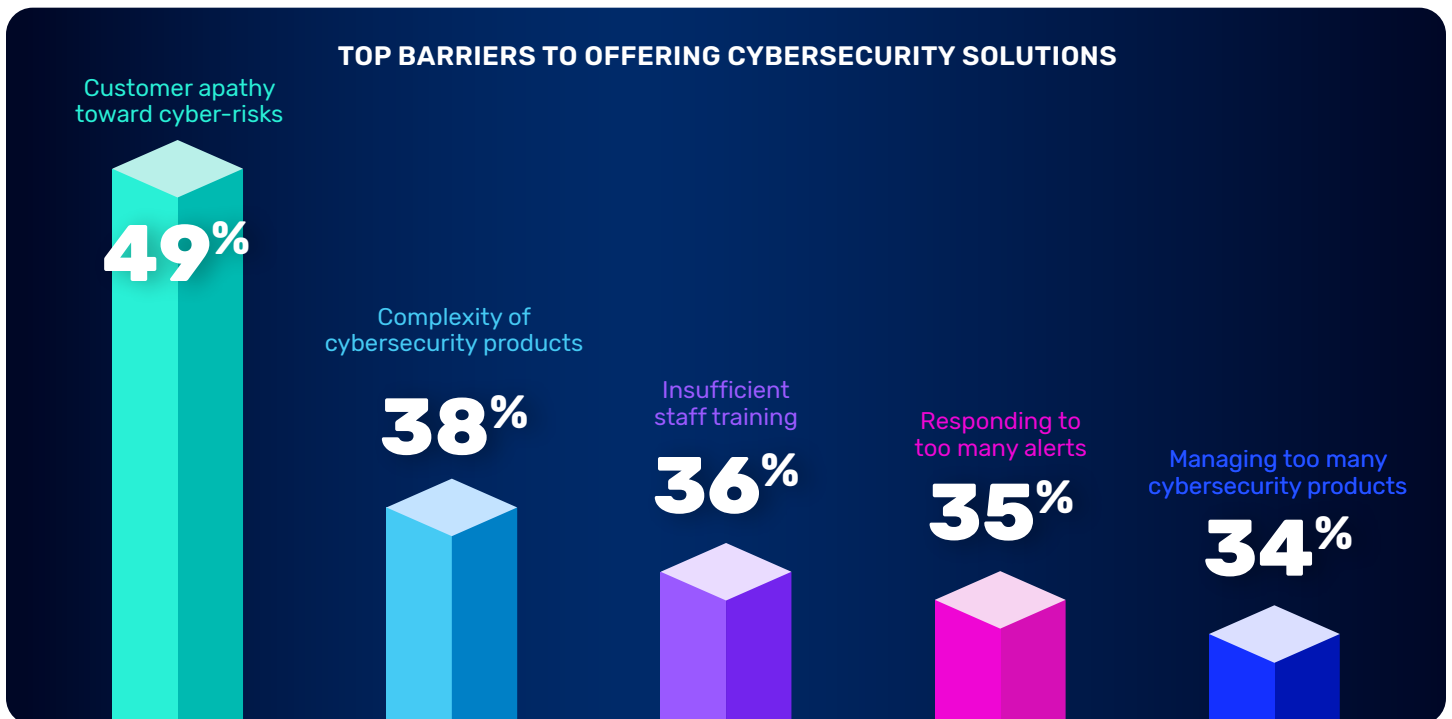
Confidence in cyber insurance

Cyber insurance offers an important safety net, but confidence in coverage varies:

44% of respondents are somewhat confident their claim would be paid in full.

32% are very confident.

11% are extremely confident.

7% 7% are not very confident.

4% lack coverage altogether, leaving them vulnerable to financial fallout from cyber incidents.

2% are not confident at all.

While many are confident in their cyber insurance, a significant portion of MSPs and their clients may be underprepared for potential cyber claims, emphasizing the importance of robust security measures.

Barriers to offering cybersecurity solutions

Despite the demand for cybersecurity services, MSPs face several obstacles in delivering these solutions effectively. The top barriers are:

TOP BARRIERS TO OFFERING CYBERSECURITY SOLUTIONS

Customer apathy toward cyber-risks
49%

Complexity of cybersecurity products
38%

Insufficient staff training
36%

Responding to too many alerts
35%

Managing too many cybersecurity products
34%

*Respondents were able to select multiple response options

The rise of "customer apathy" as the top barrier this year — jumping from seventh place last year — underscores the urgent need for MSPs to educate clients about cyber-risks through initiatives like security training and phishing simulations.

Current and planned cybersecurity services

To address these barriers, MSPs are expanding their offerings. Planned services for the next 12 months show strong growth potential:
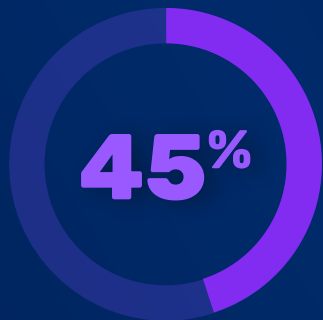
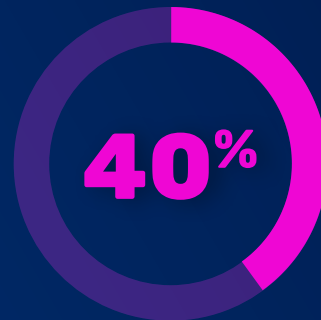**SECURITY EDUCATION AND TESTING MSPS PLAN TO OFFER CLIENTS IN THE NEXT 12 MONTHS**
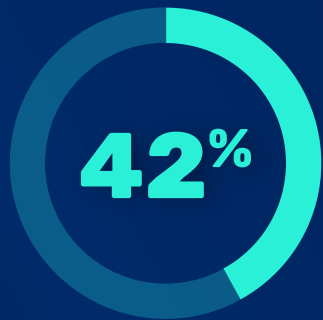
42%
Security education training
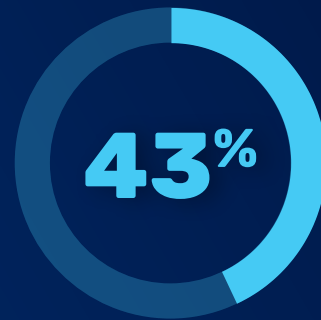
43%
Vulnerability testing or scanning

45%
Security audits

40%
Creation of internal security policies for clients
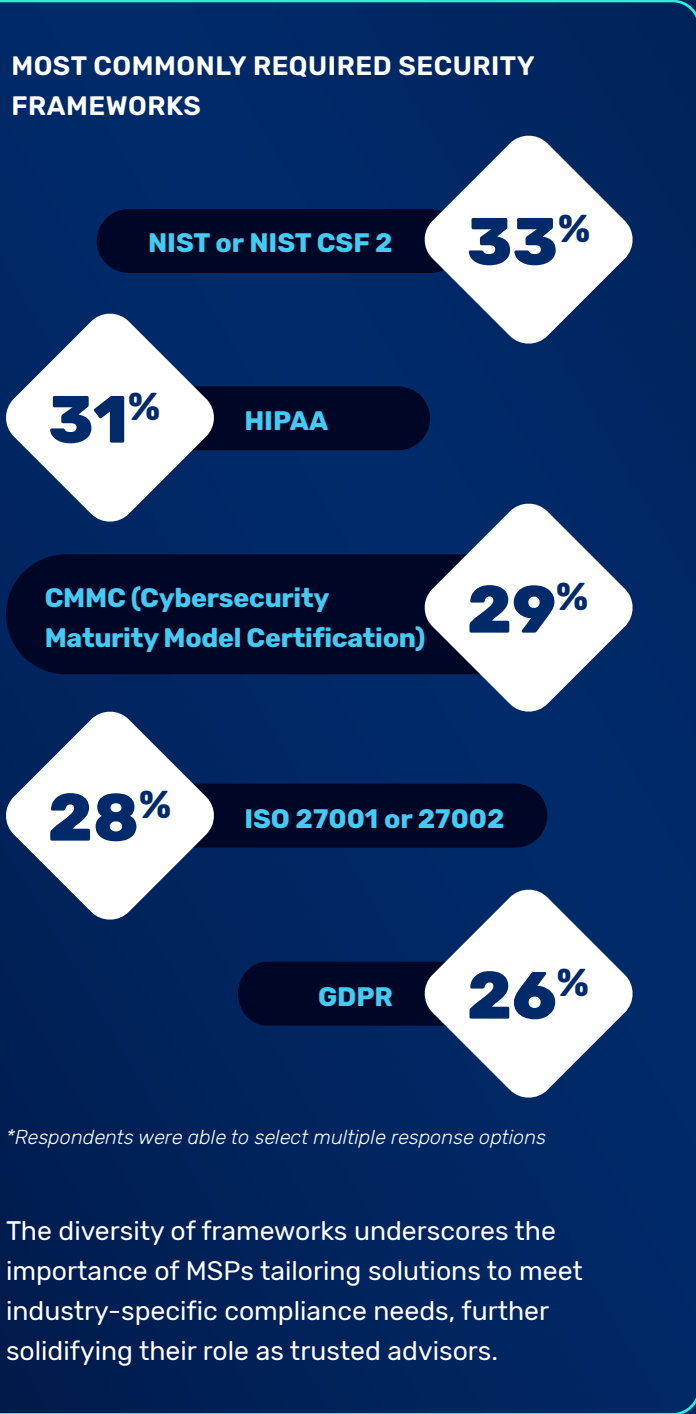
*Respondents were able to select multiple response options

Education and testing services are critical growth areas for MSPs, helping bridge the gap between client awareness and actionable security measures.

Compliance and security frameworks

Frameworks in use

Clients rely on MSPs to help them navigate complex compliance and security frameworks. The most frequently required frameworks are:

MOST COMMONLY REQUIRED SECURITY FRAMEWORKS

NIST or NIST CSF 2 — **33%**

31% — HIPAA

CMMC (Cybersecurity Maturity Model Certification) — **29%**

28% — ISO 27001 or 27002

GDPR — **26%**

Respondents were able to select multiple response options

The diversity of frameworks underscores the importance of MSPs tailoring solutions to meet industry-specific compliance needs, further solidifying their role as trusted advisors.

Preparation for NIS 2 regulations

When asked about readiness for the U.K.'s proposed NIS 2 regulations:

- **9% are completely prepared.**
- **31% are mostly prepared.**
- **37% are somewhat prepared.**
- **7% are not very prepared.**
- **16% admitted to being unfamiliar with or completely unprepared for the changes.**

This data reveals a gap in readiness for upcoming regulations, presenting MSPs with an opportunity to offer compliance-focused services to support clients.

The intersection of cybersecurity challenges and opportunities

Cybersecurity is one of the most pressing challenges MSPs face, but it's also a tremendous opportunity. By addressing client concerns, educating them on risks and expanding their service portfolios, MSPs can turn these challenges into competitive advantages. The key lies in staying proactive — leveraging tools, frameworks and services to mitigate threats while demonstrating the value of cybersecurity to clients.

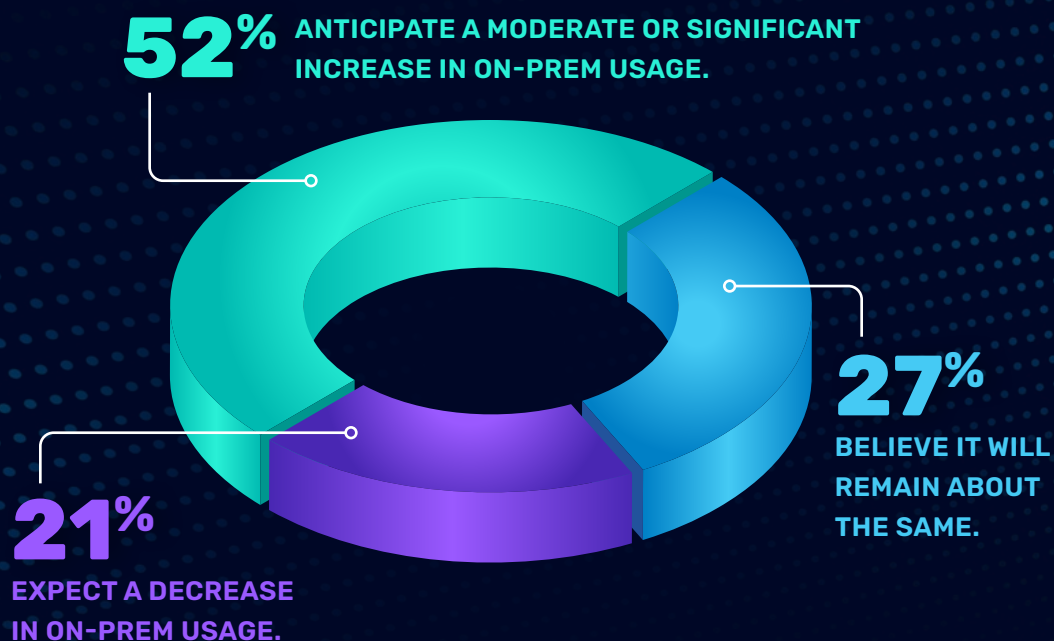# Embracing innovation: Technology trends driving MSP success

The MSP industry runs on innovation, and keeping up with tech trends is key to staying competitive. From cloud adoption to hybrid work models and the rise of AI, these shifts are changing how MSPs deliver value to their clients while driving profitability and growth.

Cloud services: A strategic shift

Cloud adoption is changing the game, and MSPs are at the forefront, helping clients move from on-premises setups to cloud environments.

On-premises vs. cloud adoption trends

When asked how they expect their clients' usage of on-premises applications or servers to change in the next three years:

52% ANTICIPATE A MODERATE OR SIGNIFICANT INCREASE IN ON-PREM USAGE.

27% BELIEVE IT WILL REMAIN ABOUT THE SAME.

21% EXPECT A DECREASE IN ON-PREM USAGE.

While the shift to the cloud is undeniable, many clients continue to rely on on-premises infrastructure for reasons like compliance, latency and financial feasibility. This underscores the importance of hybrid solutions that balance cloud benefits with on-prem reliability.

Barriers to cloud adoption

Top reasons cited by clients for keeping workloads on-premises are:

REASONS FOR KEEPING WORKLOADS ON-PREMISES

44% **45%** **41%** **37%**

- Compliance-driven requirements
- On-prem works well, with limited financial incentive to switch
- Low-latency requirements
- Lack of adequate SaaS alternatives
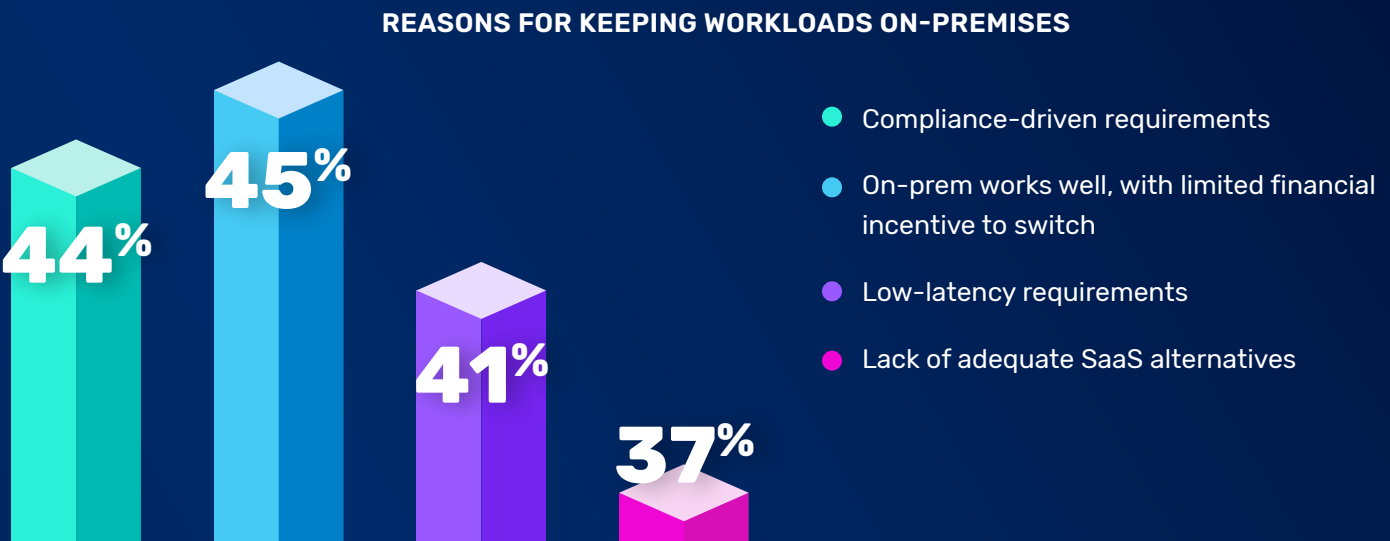
Respondents were able to select multiple response options

These challenges show why MSPs must step up as trusted advisors, helping clients navigate the tricky areas of compliance, latency and cost management during their move to the cloud.

Public cloud adoption

When examining client workloads currently in public clouds (e.g., Azure and AWS), **only 30%** of clients have all or nearly all their workloads in the cloud today. However, within three years, this figure is expected to increase to **54%**.

This dramatic shift presents significant opportunities for MSPs to expand cloud-related services, particularly as clients increasingly adopt Infrastructure-as-a-Service (IaaS) for workloads like:

CLIENT WORKLOADS MOVED TO THE LOUD WITH IAAS

54%
EMAIL SERVERS

48%
DATABASES

48%
APPLICATION SERVERS
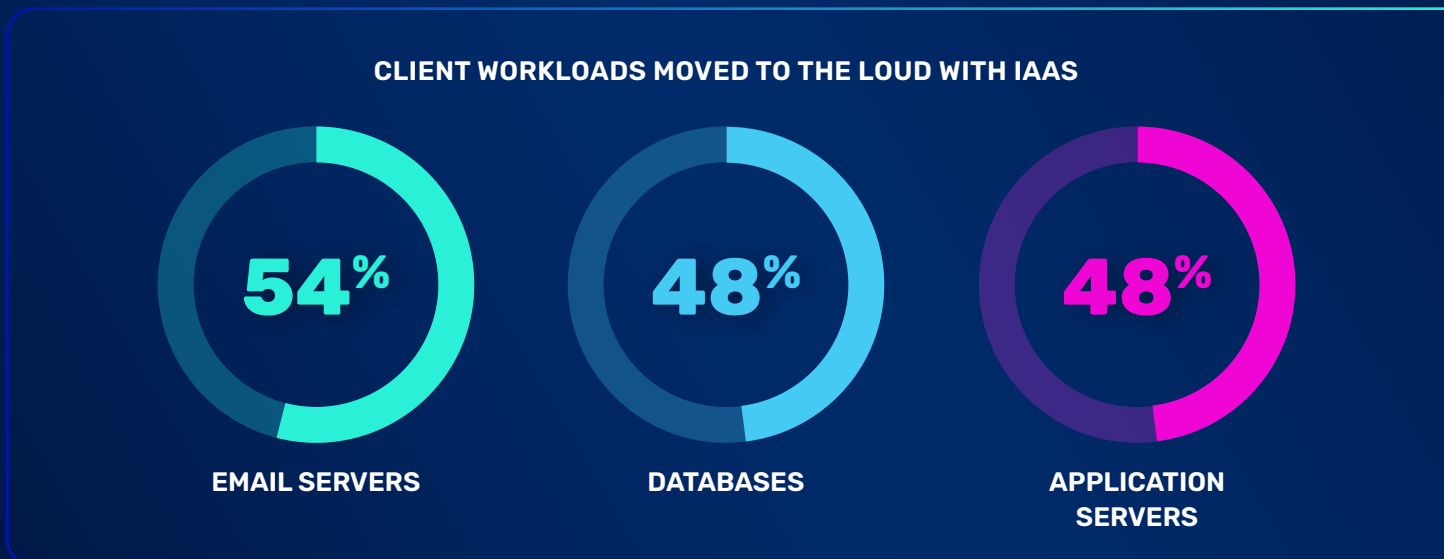
Respondents were able to select multiple response options

SaaS applications and data protection

SaaS applications are a big part of how modern businesses operate, with clients heavily depending on tools like Microsoft 365, Google Workspace and Salesforce. Our survey shows:
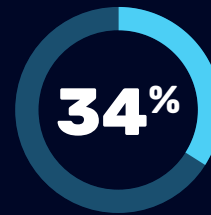
BUSINESS-CRITICAL SAAS APPLICATIONS MSP CLIENTS ARE USING TODAY

48%
Microsoft 365

42%
Google Workspace
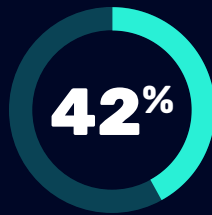
34%
QuickBooks or Intuit

*Respondents were able to select multiple response options

However, protecting data in these applications is a challenge. Here's how MSPs are ensuring their clients' data is secure:

- **66% of MSPs use third-party backup solutions.**
- **30% rely on native tools.**
- **3% do not back up SaaS data at all, citing reasons such as client unwillingness to pay or lack of perceived importance.**

SaaS applications are critical to business operations, but data protection gaps persist. MSPs that emphasize robust SaaS backup solutions can address this vulnerability and create a new revenue stream.
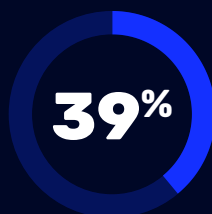
Hybrid work models: Balancing flexibility and security

Hybrid work environments have become the norm, with 52% of respondents indicating their clients operate in hybrid workplaces.
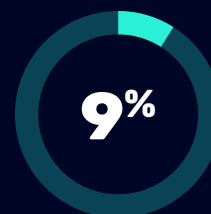
CURRENT MSP CLIENT WORKPLACES

52%
Hybrid
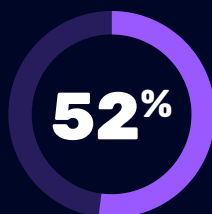
**39%**
Traditional in-office

9%
Fully remote

With hybrid work becoming increasingly popular, MSPs have a valuable opportunity to offer customized solutions that address common security challenges in multi-environment setups such as secure remote access, endpoint protection and hybrid workforce management.

AI: A double-edged sword

Artificial intelligence is both an enabler and a threat in the modern IT landscape. MSPs are increasingly concerned about AI-supported attacks:

67% have seen an increase in AI-driven attacks over the past 12 months.
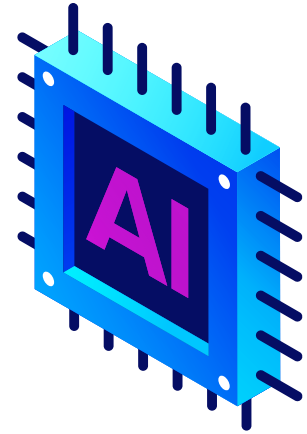
However, AI is also a powerful tool. By adopting AI-driven technologies, MSPs can enhance their capabilities, from predictive maintenance to automated threat detection.

The growing impact of AI means MSPs must stay ahead by leveraging AI tools to counter emerging threats while delivering more efficient services to their clients.

Fueling success through innovation

The trends in this section tell a clear story: MSPs that embrace innovation and adapt to changing technologies are set up for success. Whether it's tackling the complexities of cloud adoption, managing the challenges of hybrid work or leveraging AI, these advancements give MSPs the chance to stand out, grow their offerings, and boost profitability. The secret to success? Stay proactive — address client needs head-on while delivering solutions that are scalable, secure and ready for the future.
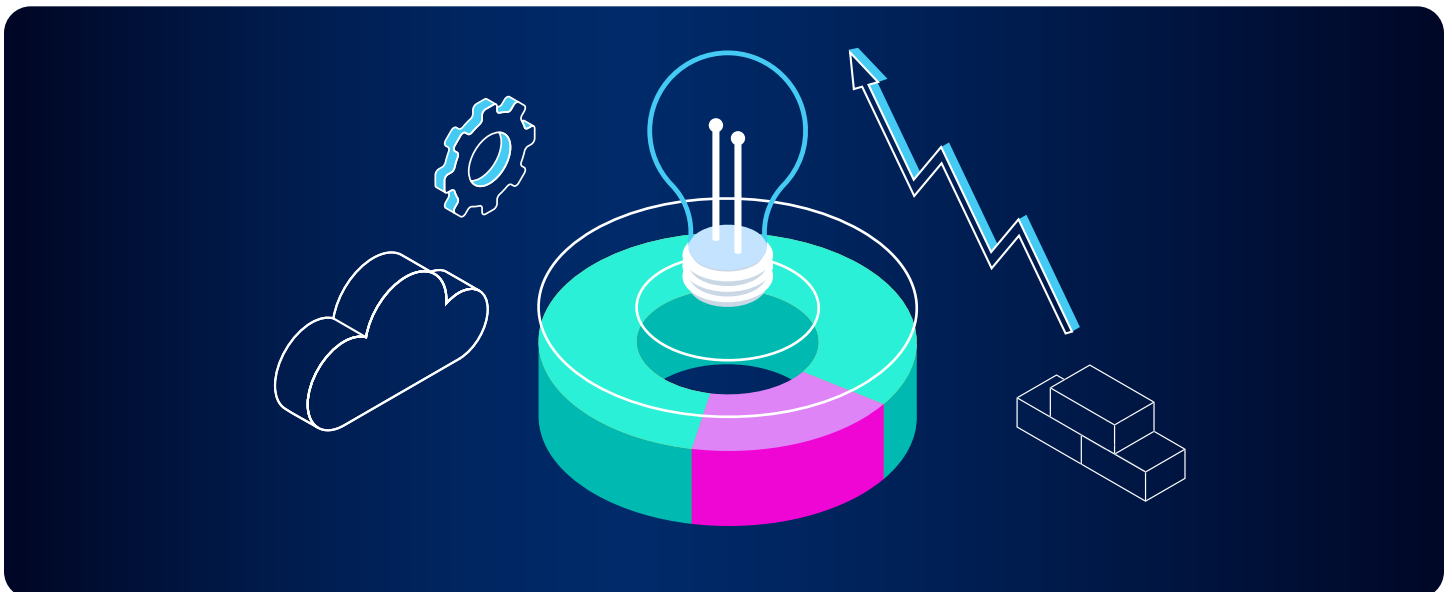
Conclusion: Key takeaways for MSP success in 2025

Although the MSP industry offers many opportunities for growth and profitability, making the most of them requires a smart, strategic approach. By learning from top-performing MSPs and staying in step with industry trends, MSPs can set themselves up for sustainable growth and long-term success.

1. Leverage high-earner strategies

The most successful MSPs — those earning $10 million or more annually — provide a clear roadmap for success. Their focus is on:

- **Expanding managed services** to meet evolving client needs.
- **Cloud migration** to improve scalability and flexibility.
- **Managed security solutions** to address increasing cyberthreats.

These priorities reflect where the MSP market is headed. By adopting similar strategies, MSPs can tap into high-margin opportunities and differentiate themselves in a competitive landscape.

2. Invest in automation and AI

Efficiency is key to profitability, and automation is what makes it happen. Top-performing MSPs are already seeing the payoff from:

- **Automating routine IT management tasks to save time and reduce costs.**
- **Leveraging AI-driven security tools to stay ahead of emerging threats and enhance service delivery.**

Investing in these technologies not only boosts operational efficiency but also enables MSPs to scale without proportional increases in overhead, paving the way for sustained growth.

3. Maximize profitability

Profitability doesn't happen by chance. It is the result of deliberate and thoughtful action. MSPs should focus on:

- **Vendor consolidation** to reduce complexity and costs while improving integration and scalability.
- **Expanding recurring revenue streams** through services like managed security, cloud management and training.
- **Delivering exceptional customer experiences** to increase client satisfaction and retention.

These strategies are essential for maintaining healthy margins and driving long-term financial success.

Ready to drive growth?

The MSP landscape is filled with opportunities for those ready to innovate, adapt and execute. By embracing the lessons shared throughout this report, MSPs can thrive in 2024 and beyond.

Take the next step toward success by joining the Datto product community. Contact our team today and discover how our solutions can help your MSP achieve its goals.

Join the Datto partner community

JOIN TODAY

Research approach

Datto's State of the MSP Industry 2025 Look Ahead: Trends, Growth and Strategies for Success is based on statistics pulled from a survey of 1,262 MSPs worldwide. It was conducted by Datto, a Kaseya company.

Methodology

- 20-minute online survey

Respondents

- Must be from a managed service provider (MSP)

- Must be a decision-maker or influencer for solutions from their company

Regions

- 78% North America

- 11% EMEA (Europe, Middle East and Africa)

- 7% APAC (Asia-Pacific region)

- 4% LatAm (South and Central America)

LEARN MORE

About Datto

As a leading global provider of security and cloud-based software solutions purpose-built for managed service providers (MSPs), Datto, a Kaseya Company, believes there is no limit to what small and medium-sized businesses (SMBs) can achieve with the right technology. Datto's proven Unified Continuity, Networking, Endpoint Management and Business Management solutions drive cyber resilience, efficiency and growth for MSPs. Delivered via an integrated platform, Datto's solutions help its global ecosystem of MSP partners serve over one million businesses around the world. From proactive dynamic detection and prevention to fast, flexible recovery from cyber incidents, Datto's solutions defend against costly downtime and data loss in servers, virtual machines, cloud applications or anywhere data resides. Since its founding in 2007, Datto has won numerous awards for its product excellence, superior technical support and rapid growth, and for fostering an outstanding workplace. With headquarters in Miami, Florida, Datto has global offices in Norwalk, Connecticut as well as Australia, Canada, Denmark, Germany, the Netherlands and the United Kingdom.