

The evolving landscape of the MSP business report 2022.

GLOBAL
MSP
DAY



Contents

Foreward.....	1
Executive summary	2
Key findings	3
Growth is high on the agenda for MSPs in 2022	5
Cloud technology, security, and IT complexity are key growth drivers	8
Security is an area that MSPs need help with, or it could hinder their own aspirations	13
Employee wellbeing is an area that MSPs must focus on	17
Conclusion	21
Research Scope and Methodology.....	23
About MSP Day	26
About Barracuda	27
About Vanson Bourne	28

Foreward



While there is no doubt that the future for MSPs is very positive, most of these businesses are also walking a tightrope when it comes to maintaining a happy workforce and providing a consistently top-class service offering, thanks to increasing levels of internal stress and ever-demanding customers.

As the fifth annual MSP Day Report demonstrates, there is still a huge appetite for managed services, with global services-related MSP revenue set to increase by a further ten percent in 2022 compared with 2021.

We spoke to 500 decision makers and knowledge workers from managed service provider (MSP) organizations from countries across the North America, EMEA and ANZ regions, with between five and 250 employees.

Perhaps unsurprisingly, the answers all revealed similar aspirations, hopes and challenges throughout the different regions when it comes to service provision, and the same pressures from customer expectations.

Cloud-based infrastructure and applications are the two top revenue opportunities identified in the research, but security is still the number one concern for both MSPs and their customers according to the data, meaning the future for those providing security services is very bright indeed.

This is encouraging news for MSPs, but the post-pandemic workplace means both customer demands and worker expectations have changed, and this means MSP leaders are faced with a balancing act to keep both sides satisfied and fulfilled.

A happy workforce means happy customers, and employee wellbeing is now one of the biggest challenges to address, particularly as the skills gap is widening every year and skilled workers are prized assets. According to the survey

findings, 78 percent said they need to make significant or notable improvements to address employee wellbeing.

Adding to this executive stress is the fact that the services market is even more crowded than before, particularly as many more traditional resellers were forced by the pandemic to offer services and have seen them as a very welcome new revenue stream that they want to grow.

The need to stand out from the crowd is vital, and making sure you have the right mix of services is the key to surviving this increasingly cutthroat industry. Getting that balance right will mean customers will flock to you. But it is no mean feat.

And this is where vendors come in. We know that MSPs need that extra layer of support now more than ever. They need strong vendor partners that can help them provide the very best managed security services to their customers and allow them to focus on their own employees too.

Sara Yirrell

Freelance Editor/Writer

About Sara Yirrell

Sara Yirrell is a freelance writer and editor with 25 years' experience in journalism and 22 years specifically in the IT channel. She left Incisive Media (owner of CRN UK) in December 2016 to become a freelance journalist and content consultant specialising in all things IT channel. Before that she had worked at CRN since August 2000, holding the title of Editorial Director since October 2014. She was the editorial driving force behind the brand since becoming Editor in 2007, and oversaw the expansion to incorporate channelnomics.eu and channelnomics.com, which created the first true global channel network. Before joining CRN, Sara worked on local daily newspaper The Northampton Chronicle & Echo for three years covering areas such as crime, local politics, education, business and transport.

Executive summary



For many businesses a key challenge is knowing what strategy to implement in order to enable the company to grow. This is indeed the case for managed service providers (MSPs) as well, with such a wide range of potential services that they could offer, it can sometimes be a difficult decision choosing which avenues to pursue.

But, at this point in time, it would appear that the decision has partially been made for them. Cloud-based offerings – regardless of whether they are used in isolation or as part of a hybrid set-up – are the flavor of month and could continue to be for many years to come. When the pandemic struck, customers were forced into leaning on cloud-based services to ensure that they could remain operational, and it seems that the benefits of cloud technology will continue to be tapped into in the aftermath of the pandemic as well.

MSPs are clearly aware of this with many reporting that cloud-based infrastructure (IaaS) and cloud-based applications (SaaS) will be among the biggest opportunities for their organization to increase revenues during 2022, while a range of security services were not far behind.

However, after surveying 500 respondents from MSP organizations around the globe, it is clear that they must also be mindful of their own internal struggles while trying to resolve the IT challenges faced by their customers, or their very position as an expert could be undermined.

This is perhaps most pertinent when considering cybersecurity, which, as the report shows, is a key struggle that MSPs are grappling with. But, considering that security is very much a “good guy vs. bad guy” game, it is important for MSPs to remember that they are not alone in this. Help is available. MSPs can partner with organizations like Barracuda, and in particular our MSP-dedicated business unit, to benefit from our security expertise and support. Together, that’s how we beat the bad guys.

Another area that must be considered as MSPs look to grow, is the wellbeing of their employees. The report highlights that there is plenty of room for improvement in this area, with many MSP workforces under notable levels of stress.

This is a situation that must be brought under control, or it is very easy to see how the growth ambitions of MSPs and the levels of service that their customers receive will begin to decline. Employees are the bedrock of any successful organization, and as such they must be supported in every possible way to ensure that they can thrive and be at their best for the good of the company and its clients.

Neal Bradbury

SVP

Barracuda MSP

About Neal Bradbury

Neal’s journey with Barracuda began in 2003 when he co-founded Intronis. Between 2003 and 2015, Neal served as Vice President of Systems Engineering before moving on to a succession of roles in operations and technical support. In 2015, as Vice President of Channel Development, he was part of the team that led the company to a successful acquisition by Barracuda. Today, Neal services as SVP, Barracuda MSP. Barracuda MSP is focused on enabling IT managed service providers to offer multi-layered security and data protection services to their customers through award-winning products and a purpose-built MSP platform. Neal’s past experience includes roles at Hasbro Inc. and General Dynamics Electric Boat, where he was a Systems Engineer working on combat systems of the Virginia-class submarine. Neal holds a Bachelor of Science degree in Electrical Engineering from Worcester Polytechnic Institute.

Key findings



Growth is a theme for 2022

Despite continuing challenges MSPs expect revenues to grow by over a third in 2022, with average revenues predicted at **\$12.12 million** this year, compared with **\$8.93 million** in 2021.



Managed services are increasing as a proportion of overall revenue

Although managed services are not the sole source of revenue for many survey respondents, service provision is on a growth trajectory. In 2021, **53%** of respondents' income came from services, but this is predicted to rise to **63%** in 2022.



The number of services offered to customers is also set to rise

On average in 2021, survey respondents' service offerings increased by four services, but in 2022, **94%** of respondents expect their services portfolio to increase by an average of six services.



Security is still topping the must-have service list

A whopping **92%** of respondents felt they needed to be more focused on security than ever before, with the biggest opportunities being network security (**38%** of votes), endpoint security (**33%**) and network monitoring and management (**33%**).



Customers' fears over cyberattacks are real

According to the results, **80%** of respondents believed their customers are increasingly concerned about being breached by cybercriminals and are looking to them for help.



Business confidence has grown since the pandemic

Despite the upheaval of the pandemic and the rapid changes it prompted, **95%** of respondents felt they had settled into their new ways of working and felt in a stronger business position compared to early 2021.



Cybersecurity regulations are putting a strain on MSPs

Just **36%** of MSP respondents were confident of being fully up-to-date and compliant with cybersecurity regulations. A further **36%** believed that there were too many cybersecurity regulations to comply with. It is no surprise that **89%** felt their organizations needed further support and education around these regulations.



Nearly 100% of respondents need more vendor support

A whopping **98%** of those surveyed admitted they had at least one area where they need additional vendor support. These included security incident response planning (**44%** of votes), help with hybrid working best practices (**50%**) and marketing support (**44%**).



Employee burnout is a growing concern

MSPs will have to focus more on employee wellbeing and mental health to stay successful. Nearly one in five (**16%**) respondents believed the average employee is highly stressed, while **56%** said stress levels could be defined as moderate. Not addressing these issues could lead to both workforce performance, and customer service problems further down the line.



Customer expectations post-pandemic need to be managed

Rising stress levels within MSPs are caused by a number of factors, but increasingly demanding customers scored high with **45%** of votes, with many expecting the levels of service they received and the pace of transformation they witnessed during the pandemic to continue. Managing customer expectations will be absolutely crucial going forward.

Growth is high on the agenda for MSPs in 2022

Now that the worst of the pandemic appears to be in the rearview mirror, managed service providers (MSPs) are looking to double down on their growth ambitions.

Customers of MSPs were somewhat backed into a corner during the pandemic by rapid digital transformation initiatives coupled with security infrastructure improvements a necessity that many were unable to drive without expert support. Now that the urgency of that situation has somewhat eased, it would be fair to ask where the next opportunity for MSPs will come from and perhaps even assume that they could struggle to see continued growth in the years ahead.

However, the possibility of stunted growth does not seem to be one that MSPs are fearful of. On average, respondents report that their organizations' global annual revenue during 2021 was \$8.93 million (USD). In 2022, this average revenue is expected to rise to \$12.12 million (USD). So, with year-over-year revenue expected to grow by more than a third, where are MSPs going to make these gains?

While all surveyed organizations identify as MSPs, this isn't always their only source of revenue, but it looks as though the provision of these services will become a larger slice of the pie over the course of this year. According to respondents who knew their organization's revenue for 2021, 53% of that income, on average, was derived from managed services, with this set to increase to 63% in 2022, as reported by those who know their company's expected 2022 revenue figure.

Similar to revenue expectations, this is a notable increase, highlighting that surveyed MSPs have clearly identified the gaps in their respective markets that they feel they can capitalize on moving forwards.

Percentage of revenue derived from managed services in 2021

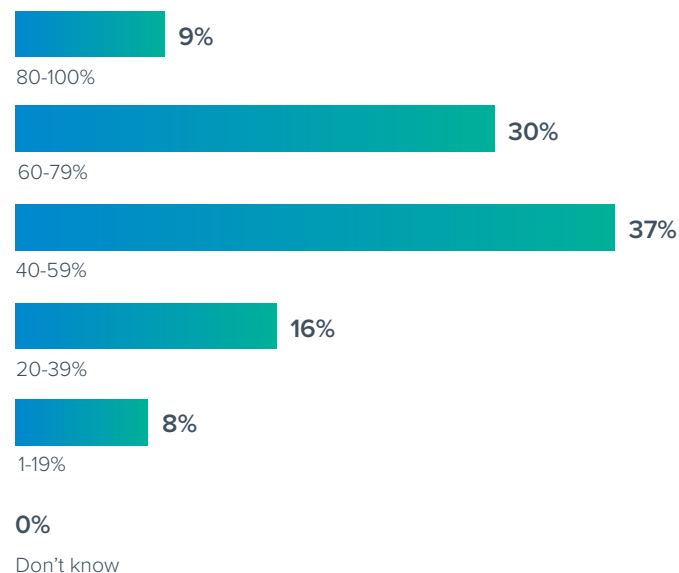


Figure 1: Approximately, what percentage of your organization's revenue was derived from managed services in 2021? [494], respondents who know their organization's global annual revenue for 2021.

Percentage of revenue expected to be derived from managed services in 2022

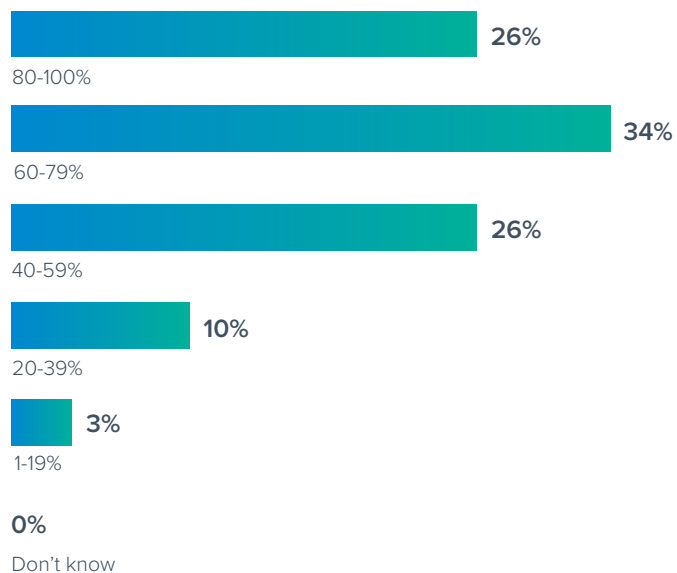


Figure 2: Approximately, what percentage of your organization's revenue do you expect to be derived from managed services in 2022? [495], respondents who know what their organization's expected global annual revenue is for 2022.

Customers of MSPs will be driven by many different business needs, but in the wake of what was achieved during the pandemic it stands to reason that their own customers, and employees alike, have become more demanding in terms of what they expect to be attainable in a short space of time.

This increased weight of these expectations along with other well-known factors such as continued security struggles, and remote or hybrid working practices, is paving the way for MSPs to step up and support their customers in their time of need. For many, this will mean developing and offering an increased range of services to help plug these gaps and this is clearly the direction that MSPs are heading in.

Over nine in ten (93%) respondents report that their organization increased the number of services in their portfolio during 2021, seeing an average increase of four services. But they aren't stopping there – during 2022, 94% expect their services portfolio to increase again, this time by an average of six services.

Evidently, MSPs are looking to broaden their own horizons while also providing the services that their customers need, but what are the key areas of focus that will help deliver on these objectives?

Cloud technology,
security, and IT
complexity are key
growth drivers

The pandemic must, once again, be used for context as we continue to look at how MSPs can go about achieving their growth aspirations for the upcoming year.

Undeniably, during this recent period of turmoil, cloud technology enabled many organizations to maintain their daily operations to a level that resembled “normality”. And now that organizations are shifting towards a post-pandemic mindset, it’s clear that cloud technology will still be central to their plans due to the raft of benefits that it can offer for scalability, collaboration, and cost efficiencies, among others.

MSPs have clearly realized this and appear to be using cloud-based services as a foundation for chasing their growth targets. More than four in ten (45%) respondents report that their organization currently sells and/or supports cloud-based infrastructure (IaaS) as a managed service offering for their customers, with only slightly fewer (42%) saying the same for cloud-based applications (SaaS).



Most common technologies/products offered as a managed service

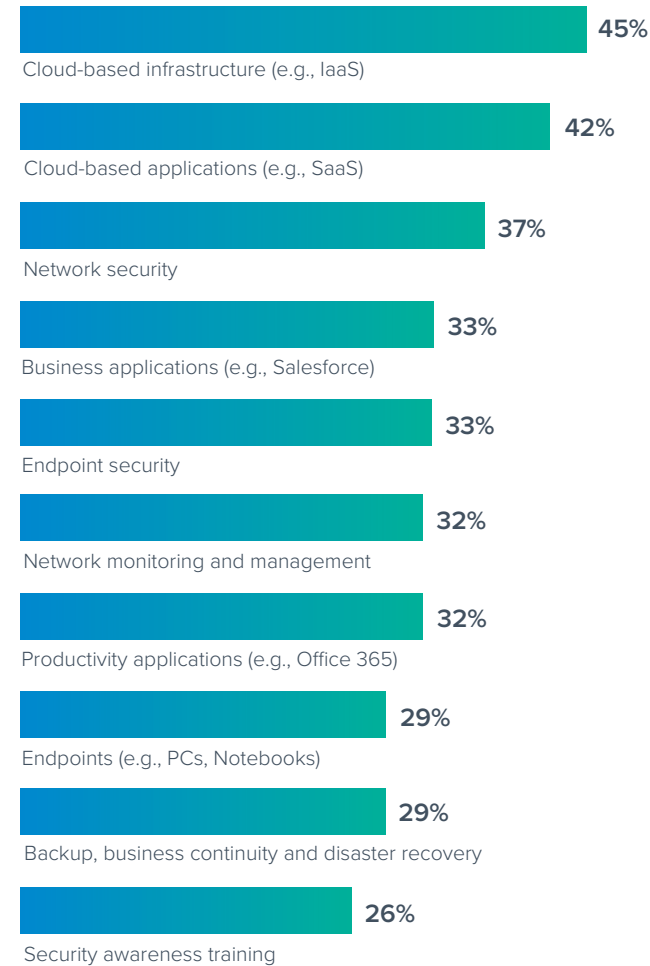


Figure 3: Showing the ten most common technologies/products that respondents’ organizations currently sell and/or support as a managed service offering for their customers [500].

This is backed up by the fact that respondents expect these same two technologies to feature strongly among the five biggest opportunities for their organization when it comes to increasing revenue during 2022 – cloud-based infrastructure (IaaS) (41%) and cloud-based applications (SaaS) (40%), making them the two most reported product areas in this regard.

Technologies/products expected to be the biggest revenue drivers in 2022

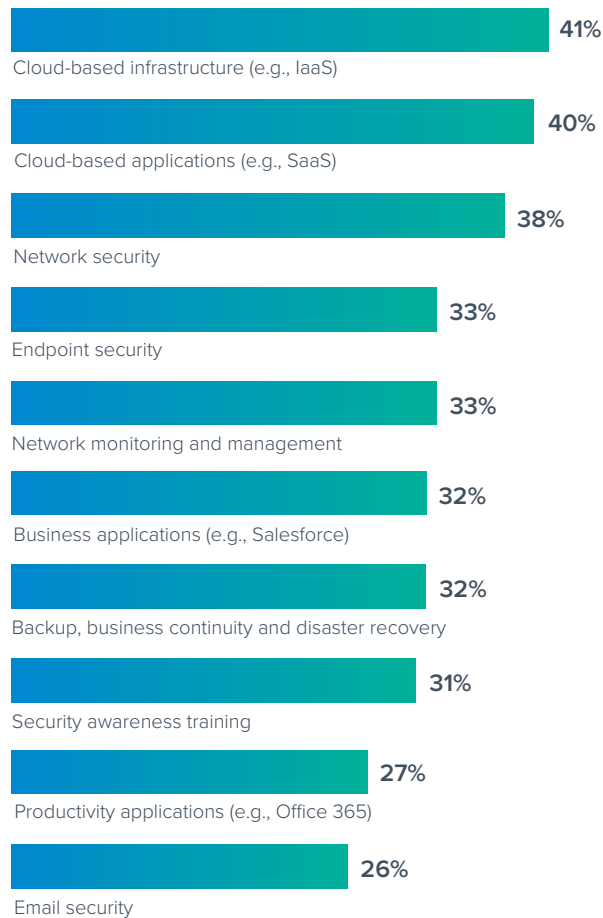


Figure 4: Showing the ten technologies/products that respondents believe will be among the top five biggest opportunities for their organization when it comes to increasing revenue in 2022 [500].

There is also an obvious focus on security services for MSPs. Security is a perennial problem for organizations of all shapes and sizes – including MSPs themselves, which we'll touch upon later – so it is no surprise that MSPs are currently looking to support their customers in whatever ways they can in this area.

This emphasis on security services – much like the trend seen around cloud-based technology – is set to continue into 2022. For example, as seen in figure 4, a third or more of respondents believe that network security (38%), endpoint security (33%), and network monitoring and management (33%) are among the biggest opportunities for their organization to increase revenue over the course of this year.

Not only that, but 92% believe that MSPs must now be more focused on security than ever before, with security sitting at the heart of their portfolio. So, while chasing their revenue targets is, of course, important for MSPs, it's clear that there are growing concerns and an urgent need for support among their customer base when it comes to security.

This is perhaps best summed up by the fact that 80% of respondents believe that their customers are becoming increasingly concerned about the possibility of being breached by a cyberattack.

The threats that organizations find themselves up against are ever-changing, and as such, cybersecurity within these businesses must be able to keep up. But unfortunately, it isn't only the evolving threat landscape that organizations are battling – there are a raft of internal, practical struggles that they're grappling with as well.

According to MSP respondents, the main reasons as to why their customers seek external assistance when it comes to cybersecurity, range from skills being prohibitively difficult and expensive to retain and attract (29%), through to cybersecurity solutions not being integrated in the way they need them to be (22%).

Reasons that MSP customers seek external cybersecurity assistance



Figure 5: Thinking of your organization's customers, which of the following reasons are the most important as to why they seek external assistance when it comes to dealing with cybersecurity? Responses ranked first [500], omitting some answers.

Therefore, it is easy to see how an MSP partner can be tremendously valuable for organizations struggling to keep up with the external threat landscape while juggling internal realities. This is perhaps particularly true for slightly smaller organizations whereby internal resources are spread more thinly throughout the business.

Those surveyed from MSPs clearly recognize the constraints that small and medium sized businesses (SMBs) are facing – tying into the above struggles, over four in ten (44%), believe that security concerns are among the main drivers behind SMB organizations shifting more towards utilizing managed services. But of course, security isn't the only challenge on the plate of SMBs.

Namely, the more common challenges driving this shift are increasing IT complexity (61%) and internal IT resources being deployed on other projects (50%). At risk of stating the obvious, organizations of all sizes have become – and will continue to become – increasingly reliant on the latest and most innovative technologies that they can get their hands on.

However, this reliance evidently comes at a price – complexity. Many organizations, SMBs included, have found themselves layering more and more technologies into their stack, which presents challenges for integration and automation between different tools that probably weren't designed to work together, while troubleshooting where issues have arisen also becomes more problematic.

And with other complications driving SMBs towards managed services such as cloud migration (44%) and growing remote workforces (44%) – both of which contribute to complexity – it is clear to see why MSPs appear to be confident of such lofty growth gains in 2022.

Aside from the aim to increase their services portfolio and to zero in on where their customers need the most support, another factor that could be playing into the growth aspirations of MSPs is that they find themselves in a much more comfortable position now compared to the upheaval of the last few years. This is

demonstrated by the fact that 95% of respondents believe that they have settled into their new ways of working and are now in a much stronger position as a business compared to where they were in early 2021.

The turmoil of the pandemic has been a disruption like no other, but much like when a forest burns to the ground, the natural next stage is new growth. And while neither a pandemic nor a burning forest should be reduced to the same level of importance as business challenges, MSPs do find themselves coming through the other side of a tumultuous situation with new opportunities on their horizon.

Similarly, the customers of MSPs also find themselves in new surroundings, which provides further fuel for MSP growth. For example, the vast majority (95%) of respondents believe that as SMBs continue to adjust to remote/hybrid working, there will be plenty of new business opportunities for their own organization to explore.

Overall, the future looks bright for MSPs – there is plenty of ambition and this appears to be matched with plenty of opportunity for them to thrive. The question now is whether they can capitalize on this and help their customers navigate through the difficulties that they face, while also navigating their own challenges at the same time.

But what are these challenges?



Security is an area
that MSPs need
help with, or it
could hinder their
own aspirations

In any business environment, challenges are part and parcel of the game – this is no different for MSPs. The somewhat unique aspect of the job for MSPs is that they can often find themselves in a situation whereby they are trying to help their customers overcome challenges that they too are struggling with.

This is highlighted by the fact that almost all (98%) respondents admit that their organization is facing at least one challenge, with developing and expanding their services portfolio (38%), the evolving cyber threat landscape (38%), and keeping up with technology trends (35%) among the most common of these obstacles.

As alluded to, these are not unique challenges to MSPs, but the ones around cyber threats and technology trends are problems that they must overcome to the best of their ability before they can confidently support their customers in dealing with those same difficulties.

But evidently, this is easier said than done. Almost eight in ten (79%) respondents admit that significant or notable improvements are required in their organization when it comes to their security hygiene, while the same proportion (79%) report this required level of improvement in keeping up with the latest technology and security trends.

The positive in all of this for MSPs is that they recognize that they have a problem when it comes to security and keeping up with the latest trends. This is an important first step, but now the challenge becomes understanding exactly what needs to change before they can effectively advise their customers, particularly when it comes to security, which is an evolving problem and one that isn't going away.

On average, MSP respondents report that their organization is currently experiencing three security-based challenges, with 97% encountering at least one such problem. The most common (42%) among these difficulties is automation and integration between the security tools that they're using.

This is a strikingly familiar issue when thinking back to one of the key cybersecurity problems that MSPs' customers are facing, whereby the solutions that they're

using can't be integrated how they need them to be. With this type of challenge commonplace among MSPs and their customers alike, it's fair to say that IT and IT security complexity is an issue that the entire community needs to take stock of.

More does not always mean better, and even if the process of stack simplification might not be totally straightforward, it is an undertaking that could become a necessity in order to improve the security posture of MSPs and their customers moving forwards.

Current security-based challenges for MSPs

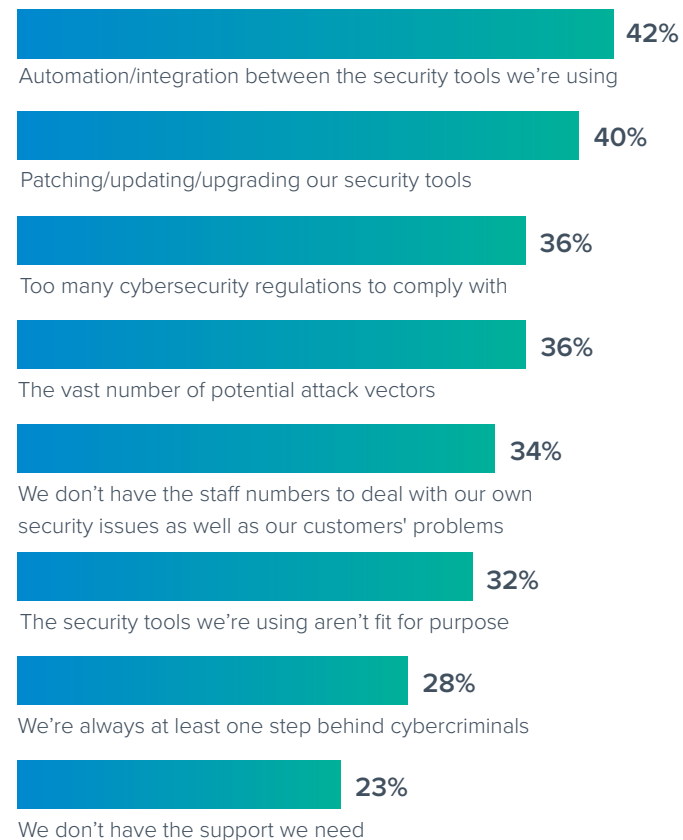


Figure 6: Which of the following security-based challenges is your organization currently experiencing? [500], omitting some answers.

Looking beyond the challenges with integration, other security-based issues being faced by MSPs that are highly relatable to the difficulties that their customers are grappling with are the vast number of potential attack vectors (36%), and not having the staff numbers to deal with their own security issues as well as their customers' problems (34%).

Unfortunately, the external threat landscape isn't something that MSPs, or other businesses, have any real control over. All they can realistically do is focus on ensuring that they implement the tools that they believe provide them with the best chance of protecting their company and those that they partner with.

On the other hand, having the required headcount in-house to deal with their own security needs as well as those of their customers is something that MSPs can address, and must be aiming to change. There is, of course, a well-documented talent shortage in the IT industry. But that being said, if MSPs want to realize their growth ambitions, then the onus is on them to find a way of attracting and retaining as much talent as possible to give themselves and their customers the best chance of maintaining their security defenses.

After all, if they're struggling to do the right thing to help themselves, then it would be fair for customers of MSPs to ask if they're best placed to help them on their own journey.

Another security-based challenge worth noting is that 36% of MSP respondents believe that there are too many cybersecurity regulations to comply with. During recent years the world of cybersecurity regulations has become something of a minefield. Arguably these regulations are all positive changes that aim to improve security practices for MSPs and their customers, but it's evident that this is putting a strain on MSPs as they try to stay compliant.

In fact, only around a third (36%) of respondents are very confident that their organization is fully up-to-date and compliant with all of the cybersecurity regulations that they are governed by. And 89% agree that their organization needs some support and education around the cybersecurity regulations that

they must adhere to.

This paints a clear picture for MSPs, giving them another area that they must improve upon if they hope to provide effective guidance to their customers in this same space. It also potentially explains why 28% of those surveyed believe that data protection is the type of security that their organization requires the most assistance with, while it is also worth noting that 98% feel that they need some level of security assistance, regardless of the specific area.

Given the raft of recent data protection regulations, such as the General Data Protection Regulation (GDPR) and the California Consumer Privacy Act (CCPA), among others, it's no wonder that MSPs have found themselves in a bit of a tailspin when it comes to understanding which they must comply with, and which don't apply to them. One thing that is for certain is that the consequences of non-compliance, financial or otherwise, could be extremely damaging.

Security types where MSPs need the most assistance

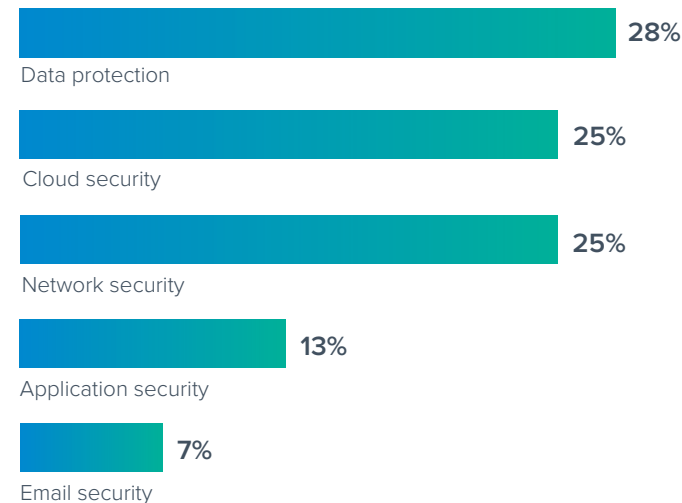


Figure 7: Which of the following types of security do you feel that your organization requires the most assistance with? [500], omitting some answers.

All in all, it's crucial that MSPs can get the support that they need when it comes to addressing their challenges, particularly in the realm of security. MSPs themselves are a support system for other organizations, but this does not mean that they can operate without support of their own.

This is evidenced by the fact that 98% of those surveyed concede that there is at least one area where they wish that their organization had additional support from vendors. Given the challenges witnessed around security, it is not surprising that security incident response planning is among the most common (44%) of these areas, while additional help is also desirable when it comes to hybrid working best practices (50%), and marketing support including things like campaigns in a box (44%).

Security is seen by many as a team sport, and that's the way it should be. MSPs alone are unlikely to be able resolve all of the security challenges that they are confronted with – this applies within both their own business internally, and the businesses of their customers externally as well.

But with the right level of support and collaboration with specialist security vendors, all parties have a fighting chance of success when it comes to defending against and reacting to the latest threats looking to do them harm.

And this of course comes full circle, clearing the way for MSPs to chase down their obvious growth aspirations.



Employee wellbeing
is an area that MSPs
must focus on

Mental and physical health has never been in the spotlight as much as it has been in recent years – this can only be a positive for employees and businesses alike. Decision makers are now more aware of the possible detrimental impacts for their organization's ambitions if their workforce is overworked, stressed, or disillusioned. This generally leads to an improved work-life balance for employees as well as improved benefits packages.

So, you'd be forgiven for thinking that all is well with MSPs, assuming that they're following this blueprint. But this doesn't necessarily tell the whole story. More than three quarters (78%) of respondents admit that significant or notable improvements are required in their organization when it comes to ensuring employee wellbeing.

The requirement for this level of improvement could come down to a number of factors, such as a difficult transition to a remote or hybrid working set-up, or a lack of employee perks to help keep them happy, engaged, and motivated. But it's probably also safe to assume that stress levels are playing a role in this.

Nearly one in five (16%) respondents believe that the average employee at their organization is encountering high levels of stress, while 56% report that these stress levels could be defined as moderate.

This presents a problem for MSPs, and one that they cannot afford to ignore. If their employees are overly stressed, then it's likely that their performance and productivity will decline, which can easily undermine what the business is trying to achieve when it comes to growth.

Therefore, it is very telling that the respondents who report high levels of stress among their workforce, also report the highest average revenue for 2021 (\$10.55 million, USD), and the highest average expected revenue for 2022 (\$14.38 million, USD), compared to the overall averages of \$8.93 million and \$12.12 million, respectively.

As previously alluded to, MSPs with ambitious growth aspirations should be praised, as ultimately, they're aiming to support other companies in their endeavors. But

this cannot come at the expense of their own employees' wellbeing. If wellbeing does suffer, then the whole pyramid could come tumbling down – if employees are struggling, then the MSP will begin to struggle, and that will have an impact on the end client.

Clearly, employee stress is something that MSPs must address urgently, or they're risking a whole lot more than the prospects of their own company.

Stress level of the average employee

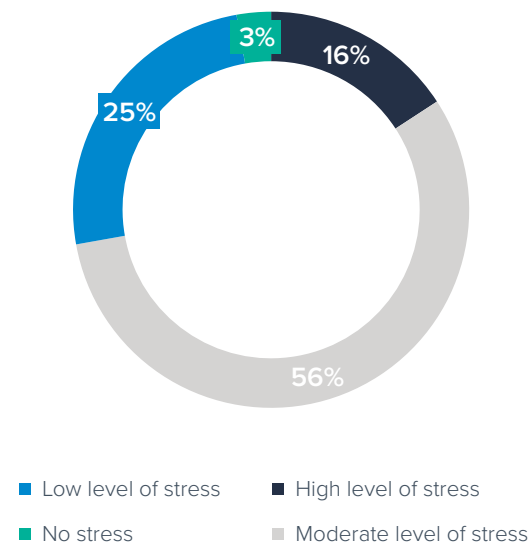


Figure 8: For the average employee at your organization, what do you believe their level of stress is? [500].

Further underlining the issues that MSPs are encountering around stress levels, is the frequency with which employees are working beyond the hours that they are contracted for. On average, respondents report that their organization's employees are doing this nine times per month, with 51% admitting that this is happening multiple times per week.

Again, it is those from MSP organizations with highly stressed employees who are witnessing this more frequently, with employees working beyond their contracted hours 13 times per month, on average, including more than two thirds (68%) who report that this is happening multiple times per week.

Conversely, of those who report that the average employee at their organization experiences low levels of stress, only around a third (35%) also say that these employees are working beyond their contracted hours multiple times a week, with this averaging out at eight times per month. It could be said that this is still too much for a "low stress" environment, but it is a marked improvement on those with a highly stressed workforce.

Employee burnout is something that MSP organizations must keep an eye on. If their workforce is repeatedly working beyond the hours that they're contracted for, leaving them with little time to decompress before they get up and go again, then they could be on a slippery slope.

This also applies to the decision makers and knowledge workers surveyed here – they must also look after their own wellbeing. Yet, despite MSPs being more settled in their new ways of working, 30% of respondents admit that they are more stressed now than in early 2021, which is a slightly higher proportion than those reporting that they are less stressed now (26%), indicating a move in the wrong direction. And even though the largest proportion (44%) of respondents cite no real difference in their stress levels now compared to early 2021, this does not necessarily indicate that they are in a good place, just that their environment is in a more constant state.

For those who report to be more stressed now than early last year, there are a range of factors contributing to these feelings, many of which have been covered

above. Most commonly customers becoming increasingly demanding (45%), and the evolving cyber threat landscape (45%) are key stress factors, both of which are difficult to do anything about and which might be part of the problem.

It is quite normal to fear what we cannot control, as it brings about uncertainty. The evolving threat landscape definitely falls into this category. MSPs can only do what they can do in this regard, but as witnessed, security really is a team sport, and it is likely that they will need support as they aim to protect both themselves and their customers in the never-ending struggle against bad actors.

In terms of rising customer expectations, it's probably fair to assume that customers of MSPs are now always going to expect the levels of service that they received during the pandemic. But the reality is, replicating those types of rapid digital transformations and working environment transitions at all times is not possible, and often isn't required.

The pandemonium of that period was unique, and MSPs cannot allow customer expectations based on those turbulent years to become the norm, if for no other reason than to protect the wellbeing of their own workforce.

Of course, if MSPs are to put their foot down, then it could hinder their own growth aspirations – a factor that has increased stress levels for 37% of those who find themselves more stressed now than in early 2021. It's a very fine balance that MSPs must strike here. If they overreach in terms of their growth plans, then this could have an adverse effect, due to the strain that it could put on their employees.

Security types where MSPs need the most assistance



Figure 9: Which of the following factors do you believe have contributed to you feeling more stressed now than you did in early 2021? [150], omitting some answers, respondents who feel more stressed now than they did in early 2021.

As seen, those most likely to have highly stressed employees also have the largest revenue targets for 2022, and while this isn't an exact science, the link between the two factors is a clear one. If MSPs hope to hit those growth targets while also navigating their other challenges, then they must look after the wellbeing of their workforce first and foremost.

Without a workforce operating at maximum capacity then everything else can essentially be put on hold, and those growth targets could easily disappear into the distance.



Conclusion

One of the main things that almost all businesses have in common is a desire to grow, as generally this signifies that they are being successful in their respective fields. And it's apparent from the findings that MSPs are no different in this regard, with many having particularly lofty growth aspirations for 2022, and likely beyond that.

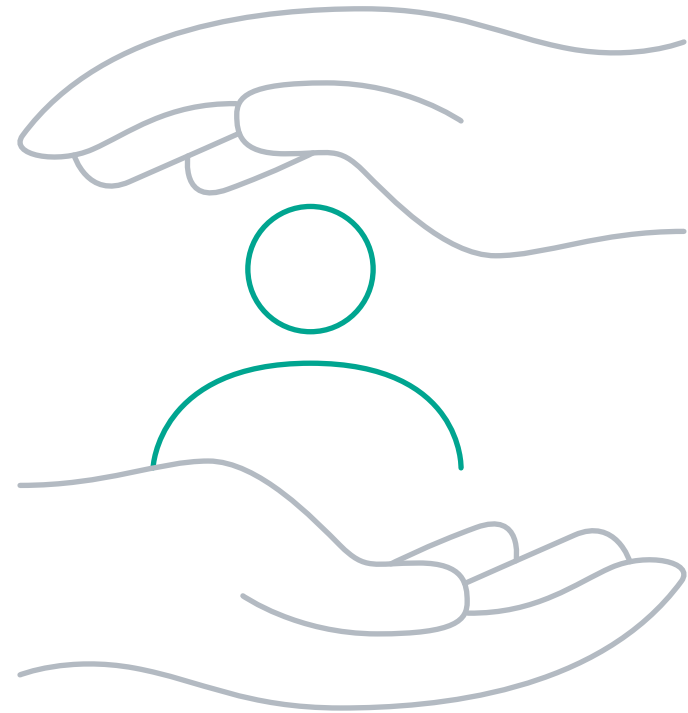
To achieve these growth targets, it will be important that MSPs can give their customers what they want, and more importantly what they need. Reassuringly, they appear to be on the right track given that cloud-based and security-based services are among their main current offerings, while they are also seen as key revenue drivers for this year.

Undoubtedly, this is a sensible way forward. Customers of MSPs – much like all other businesses – have been through a period of significant upheaval in recent years. During this time, cloud technology in particular has enabled many of these companies to remain operational, while there will always be a requirement for security services, considering the continuous evolution of the cyber threat landscape on top of the internal difficulties that IT teams face when it comes to securing their network.

However, it is important for MSPs to remember that they must also ensure that they are looking after their own security posture, which is currently proving to be a challenge. With such a raft of security-based challenges at play in MSP organizations, it's no wonder that most believe they require some assistance in this area. Cybersecurity is very much a game of cat and mouse, and the good guys must stick together, so if MSPs can partner up with a specialist security vendor then this gives them and their customers the best possible chance of avoiding the potentially catastrophic damage that a breach can do.

An alternative potential benefit of partnering with a specialist vendor is that it will take some of the load off the plates of employees working for MSPs. Currently, it's fair to say that many MSPs are working under fairly stressful conditions, which seem to have come about for a variety of reasons, not least the threat landscape, but also customers becoming increasingly demanding.

If MSPs hope to hit their growth targets, then they must find a way to guarantee a higher level of employee wellbeing in their own organization. Without improvements in this area, it is safe to assume, that challenges with security, among others, will continue to exist due to decreased employee performance, while growth aspirations will remain just that – hopes and dreams, rather than a reality.



Research Scope & Methodology

Barracuda commissioned independent technology market research specialist Vanson Bourne to undertake the quantitative research upon which this whitepaper is based. A total of 500 decision makers and knowledge workers – from managed service provider (MSP) organizations – with some involvement in their organization’s provision of managed services to its clients were interviewed during March and April 2022.

The survey respondents are from countries across the North America, EMEA, and ANZ regions, with representation from a range of departments, and all respondents were from organizations with 5-250 employees.

All interviews were carried out online using a rigorous multi-level screening process to ensure that only suitable candidates were given the opportunity to participate. Unless otherwise indicated the results discussed are based on the total sample.



Country

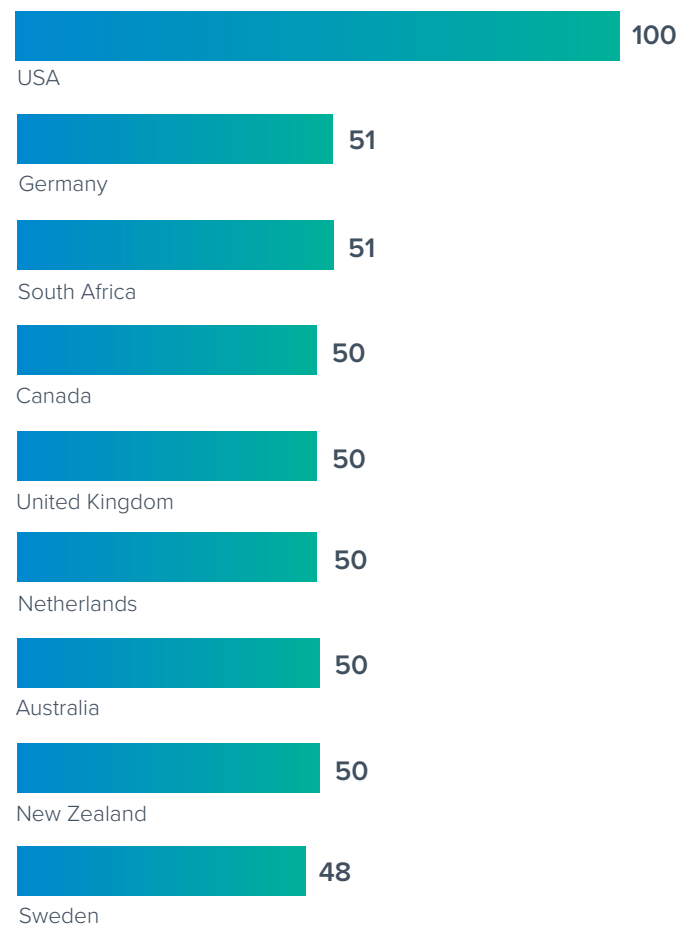
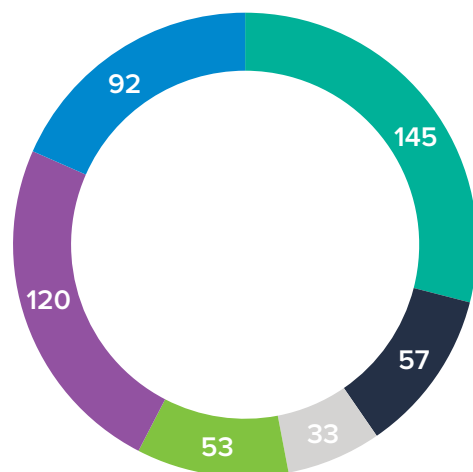


Figure D1: Showing respondent country [500].

Number of employees



■ 5-10 employees ■ 11-20 employees ■ 21-30 employees
 ■ 31-50 employees ■ 51-100 employees ■ 101-250 employees

Figure D2: How many employees does your organization have globally? [500].

Department

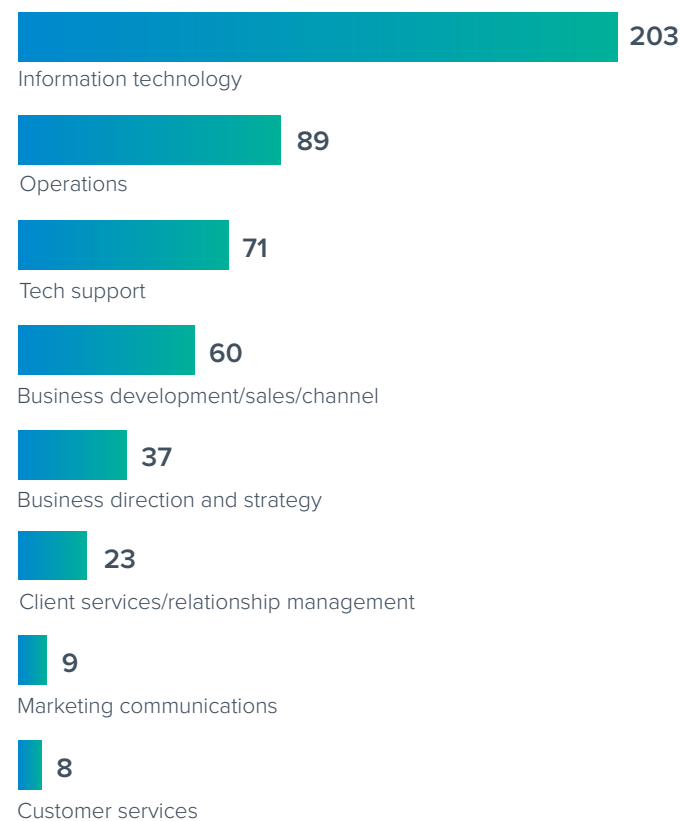


Figure D3: In which one of these functional areas are you primarily employed within your organization? [500].

About MSP Day

Barracuda MSP, the MSP-dedicated division of Barracuda Networks, introduced Global MSP Day five years ago, to recognize and celebrate MSPs around the world, while providing an opportunity for MSPs and vendors to collaborate, interact, and share success, best practices, and key industry insights. This event is full of opportunities for IT managed service providers – the information and shared experiences are guaranteed to increase knowledge and help businesses discover best practices to promote business growth.

This year's event will include insight from international IT business growth expert Richard Tubb and leading voice and advocate for the IT ecosystem The Computing Technology Industry Association (CompTIA). We're also delighted to hear from one of the most reliable news sources for the IT channel, eChannelNEWS.

All of us here at Barracuda are excited for this opportunity to come together and celebrate as a global community once again!

About Barracuda

At Barracuda we strive to make the world a safer place. We believe every business deserves access to cloud-first, enterprise-grade security solutions that are easy to buy, deploy, and use. We protect email, networks, data, and applications with innovative solutions that grow and adapt with our customers' journey. More than 200,000 organizations worldwide trust Barracuda to protect them — in ways they may not even know they are at risk — so they can focus on taking their business to the next level. For more information, visit barracudamsp.com.

About Vanson Bourne

Vanson Bourne is an independent specialist in market research for the technology sector. Their reputation for robust and credible research-based analysis is founded upon rigorous research principles and their ability to seek the opinions of senior decision makers across technical and business functions, in all business sectors and all major markets. For more information, visit vansonbourne.com.