

2021 GLOBAL MSP BENCHMARK SURVEY REPORT

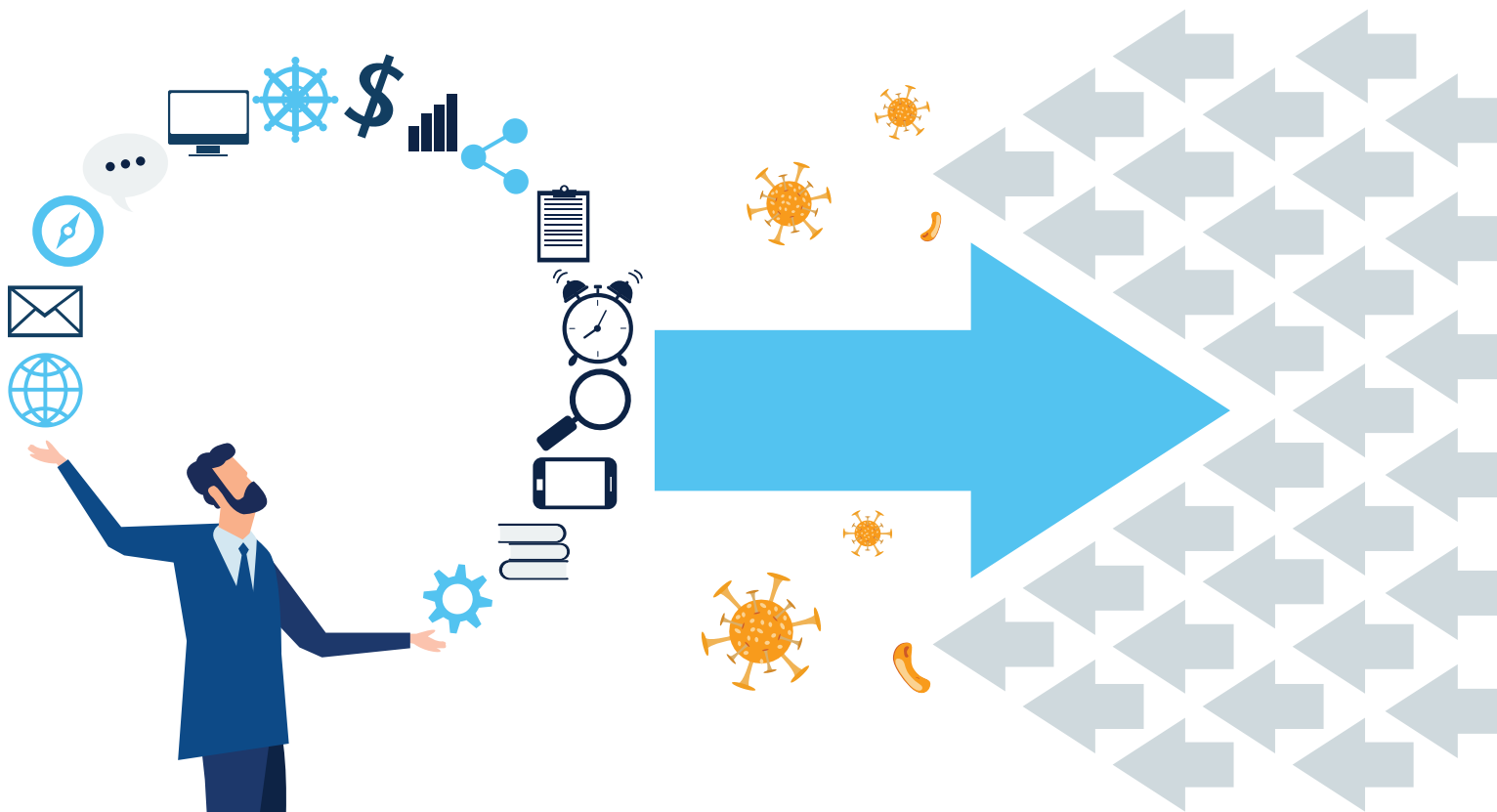


INTRODUCTION

For managed service providers (MSPs), like everyone in general, 2020 was an unpredictable year. Since the outbreak of the pandemic, cloud-based solutions, particularly collaboration tools have seen significant growth owing to the adoption of remote work by enterprises. Many offline businesses shifted online, leading to a rise in the demand for managed services. In this very uncertain climate, MSPs have become truly essential for businesses to survive and thrive.

Moreover, the MSP industry is expected to grow dramatically in the coming years. The global managed services market was valued at \$152.05 billion in 2020 and is expected to reach \$274.20 billion by 2026.¹

However, the MSP industry faced its share of challenges to survive the impact of the COVID-19 pandemic. In this 2021 MSP Benchmark Survey Report, we take a deeper look at the various factors driving the growth of MSPs, the challenges they face, the services they provide and their pricing structures.



KEY FINDINGS

Among the many findings in the 2021 MSP Benchmark Survey, five themes emerged.



Three Main Challenges for MSP Clients in 2021

MSPs expect managing a remote workforce, IT security, and business continuity and disaster recovery (BCDR) to be the biggest problems for their clients in 2021. The security concern is consistent with other reports that have shown a huge uptick in cyberattacks in 2020. IT security has also been the top priority of IT leaders in our annual State of IT Operations Survey for the past several years.



Primary Challenges MSPs Anticipate Facing in 2021

Acquiring more customers is the primary challenge a large portion of the MSP respondents anticipate facing in 2021. In addition, nearly one-fifth of MSPs cited dealing with advanced and sophisticated security threats as a top challenge. Another 15 percent are concerned about shrinking IT budgets as a result of the pandemic.



Post-Pandemic MSP Growth Opportunities

The majority of MSPs believe cybersecurity and remote workforce setups will present the biggest opportunities for growth in 2021. This is consistent with the fact that the majority of MSPs have their clients turning to them for help with IT security.



MSP Services Revenue Growth

Of all service offerings, security services revenue has gone up in the past 12 months for the largest number of MSPs — a whopping 65 percent, even in the face of a global economic recession. This year's report shows that cybersecurity has become ever more critical to SMBs.

For about 54 percent of MSPs, cloud management revenue has gone up. Both cybersecurity and cloud management services growth can be seen to be a direct result of the pandemic. There was an associated huge increase in cyberattacks as well as demand for cloud services.



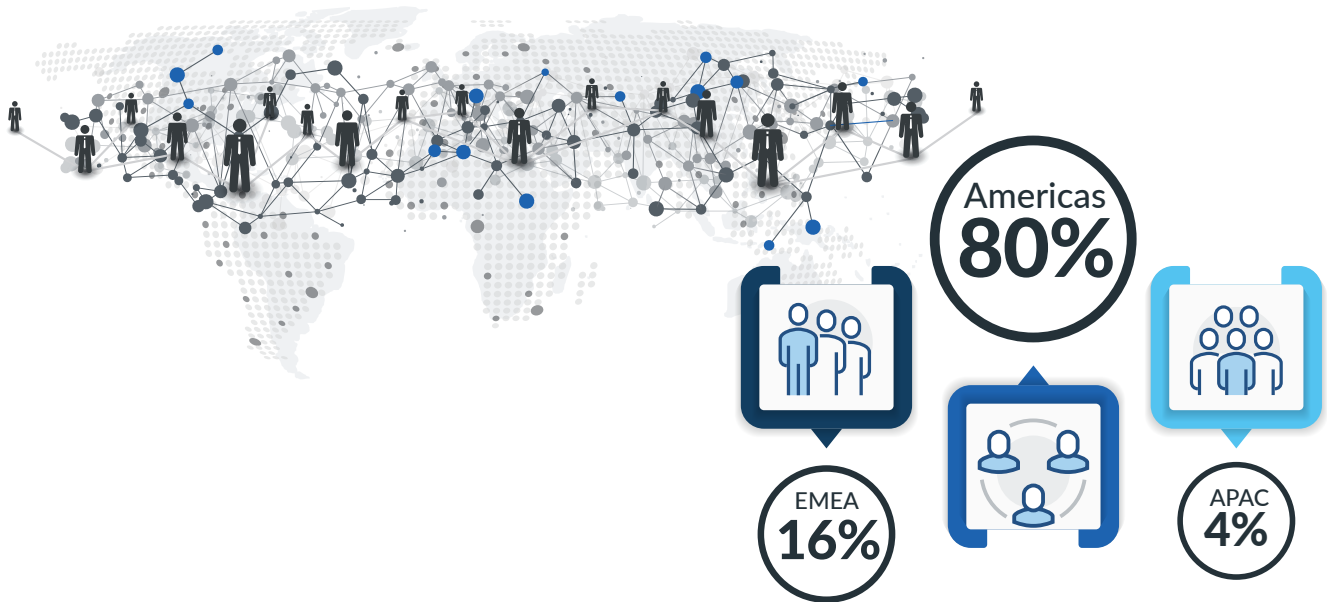
Importance of RMM and PSA for MSPs

The remote monitoring and management (RMM) application is undoubtedly the most important application for most of the MSPs (65 percent). The vast majority of MSPs (83 percent) said they believe the integration of core applications, like RMM and professional services automation (PSA) solutions, helps their organizations drive better bottom-line profits.

MEET OUR RESPONDENTS

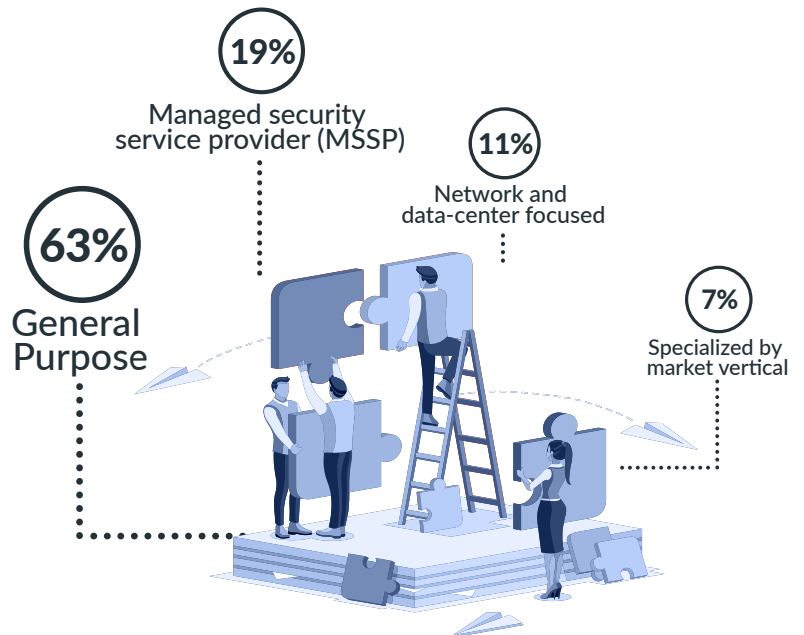
This report is based on data provided by around a 1,000 MSP owners and technicians firms of all sizes, spread over 50 countries, with 80 percent of them from the Americas region, which includes the United States, Canada and Puerto Rico.

Sixteen percent of the respondents are from the Europe, Middle East and Africa (EMEA) region while the remaining 4 percent are from the Asia Pacific (APAC) region.



MSP Profile

MSPs provide varied IT services. While some specialize in providing certain service offerings, most provide all the services required for IT management. About 63 percent of MSPs described their profile as general purpose while 19 percent considered themselves managed security service providers (MSSPs). About 11 percent of the MSPs described themselves as network and data-center focused, while the remaining 7 percent were specialized by market vertical.



DETAILED FINDINGS

Below is the detailed analysis of the responses we have received from the MSPs.

MSP Business Challenges in 2021

The pandemic has brought a host of challenges for MSPs worldwide. Acquiring more customers is the primary challenge MSPs anticipate facing in 2021. Dealing with advanced and sophisticated security threats is also going to be a challenge for almost a quarter of MSPs.

MSP Business Challenges in 2021	Americas	APAC	EMEA	All Respondents
➔ Acquiring more customers	44%	35%	42%	43%
➔ Dealing with advanced and sophisticated security threats	20%	21%	16%	19%
➔ Shrinking IT budgets and spending as a result of the pandemic	16%	9%	16%	15%
➔ Supporting remote work for staff and clients	7%	8%	10%	7%
➔ Reduced service offerings to fit shrinking customer budgets	5%	16%	7%	6%
➔ Reduced staffing	3%	9%	7%	4%



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MSP Customer Problems in 2021

Managing remote workers is the biggest problem or service need for MSP clients. When it comes to the EMEA region, security is the biggest customer problem.



Top three problems for MSP clients in 2021	Americas	APAC	EMEA	All Respondents
➔ Remote Workers	61%	44%	48%	58%
➔ Security	58%	51%	54%	57%
➔ Business continuity and disaster recovery	43%	49%	35%	42%

Other Top Problems	Americas	APAC	EMEA	All Respondents
➔ Legacy system replacement	26%	33%	23%	25%
➔ Meeting audit and compliance requirements	23%	23%	25%	24%
➔ Managing public cloud adoption/migration/support (IaaS, PaaS, SaaS)	23%	14%	24%	23%
➔ Digital transformation	16%	49%	32%	20%
➔ Supporting collaboration platforms (Office 365/Google Apps)	18%	7%	16%	17%
➔ Patching and updating for Windows, Mac, and third-party applications on and off-network	13%	16%	19%	14%
➔ Support for new business models or markets	10%	12%	8%	10%
➔ Microsoft Lifecycle Management (e.g., Windows 10 automatic updates)	8%	2%	15%	9%
➔ Other	1%	0%	1%	1%

MSP Growth Opportunities Post Pandemic

Cybersecurity and remote workforce setup being in demand due to the pandemic, has translated to the biggest growth opportunities for MSPs. While security has always been a revenue driver for MSPs, remote workforce setup is the new addition to the list of opportunities. In the EMEA and APAC regions, digital transformation was cited as a growth opportunity by about 18% of MSPs-- about triple the percentage of NA based MSPs.

MSP Growth Opportunities Post Pandemic



MSP opportunity for growth post pandemic	Americas	APAC	EMEA	All Respondents
➔ Cybersecurity	38%	21%	35%	37%
➔ Remote workforce setup	21%	19%	14%	20%
➔ Cloud migration	19%	23%	17%	19%
➔ Business continuity	12%	16%	10%	12%
➔ Digital transformation	6%	19%	18%	9%
➔ Communications setup	3%	2%	5%	4%

General Managed Services Provided by MSPs

With security being a common challenge for MSPs and their clients, various types of security service offerings are provided by most MSPs. The top security services are antivirus and antimalware, OS patching, and email security (such as anti-phishing and anti-spam solutions).

Top 5 General Managed Services Provided



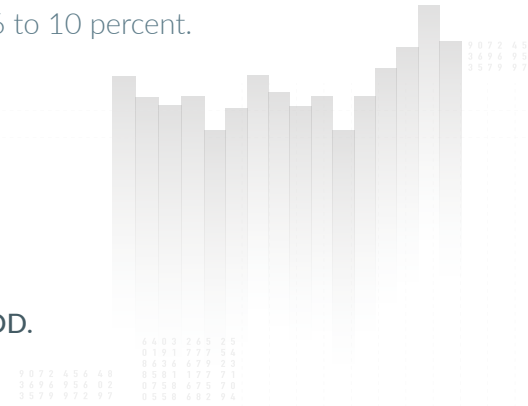
General Managed Services Provided	Americas	APAC	EMEA	All Respondents
⊕ Antivirus/antimalware	93%	74%	85%	91%
⊕ Endpoint management (servers, desktops, laptops)	91%	77%	86%	89%
⊕ Server backup	85%	58%	75%	82%
⊕ OS Patching and updates	83%	67%	81%	82%
⊕ Email security (e.g., antiphishing or antispm)	81%	63%	72%	79%
⊕ Office 365 or G Suite management	81%	58%	73%	78%
⊕ Network monitoring and management	80%	60%	68%	77%
⊕ Disaster recovery as a service	73%	58%	56%	70%
⊕ Workstation backup	68%	33%	54%	64%
⊕ Third-party software patching and updates	64%	58%	62%	63%
⊕ Security awareness training	62%	37%	40%	58%
⊕ Identity and access management security (e.g., 2FA, SSO, and password management)	59%	47%	54%	57%
⊕ SaaS backup (e.g., O365, G Suite, Salesforce)	58%	40%	51%	56%
⊕ Dark Web monitoring	53%	37%	25%	48%
⊕ Public cloud hosting services (e.g., IaaS, PaaS, SaaS)	45%	40%	45%	44%
⊕ Managed detection and response (security operations center)	43%	26%	25%	39%
⊕ Regulatory compliance management and reporting	42%	37%	20%	38%
⊕ Private hosting services (MSP data center)	34%	33%	39%	35%

MSP MRR Growth

Half of the MSPs had an average MRR growth of more than 10 percent over the past three years. More than a quarter (28 percent) had an average MRR growth of around 6 to 10 percent.



Top-tier MSPs
(about 16% of respondents)
had more than
20% MRR
GROWTH OVER THE SAME PERIOD.



Average MRR growth over the past 3 years	Americas	APAC	EMEA	All Respondents
➔ Less than 0%	5%	5%	8%	6%
➔ 0% - 5%	17%	23%	15%	17%
➔ 6% - 10%	27%	35%	33%	28%
➔ 11% - 15%	20%	19%	20%	20%
➔ 16% - 20%	15%	2%	9%	13%
➔ More than 20%	16%	16%	15%	16%

Status of Service Revenue 2020 vs. 2019

Of all service offerings, the largest percentage of MSPs (65 percent) said security revenue has increased year over year.

In 2020, cloud management revenue rose for 54 percent of MSPs as compared to 47 percent in 2019.

Status of services revenue	Up	Down	Flat	Not Applicable
➔ Security	65%	3%	26%	6%
➔ Cloud management	54%	3%	31%	12%
➔ Infrastructure monitoring and management (including server support)	52%	5%	36%	6%
➔ Desktop support	51%	7%	36%	6%
➔ Network and connectivity support	49%	5%	39%	6%
➔ Business continuity and disaster recovery	46%	4%	39%	10%
➔ Hardware/software resale	37%	17%	35%	11%
➔ Compliance management	36%	4%	39%	22%
➔ Mobile device management	29%	7%	36%	28%
➔ Application management	26%	3%	47%	24%

We collected data on the percentage breakdown of MSP revenue in certain categories of services —break/fix, BCDR, DevOps, security, hardware/software resale, managed services, private cloud, project based and public cloud. We found that most individual services represent less than 11 percent of total revenue for the majority of MSPs.

Managed services made up more than 50 percent of total revenue for a quarter of MSPs. Two services represented 11 percent to 20 percent of total revenue – hardware/software resale and project-based services for another quarter of the MSPs.

Percentage of total revenue	Break/Fix	Business continuity disaster recovery as a service	DevOps (delivering applications)	Enhanced security services	Hardware or software resale	Managed services (subscription-based)	Private cloud services	Project-based professional services	Public cloud services	Regulatory compliance management and reporting services	Other
0% - 10%	47%	69%	82%	75%	50%	19%	77%	58%	83%	94%	78%
11% - 20%	17%	17%	8%	16%	26%	15%	14%	27%	11%	3%	6%
21% - 30%	13%	9%	7%	8%	15%	14%	4%	9%	2%	1%	2%
31% - 40%	5%	2%	2%	1%	4%	13%	0%	1%	2%	1%	2%
41% - 50%	7%	2%	0%	0%	2%	15%	2%	2%	2%	1%	0%
More than 50%	10%	1%	1%	0%	3%	24%	2%	2%	1%	1%	12%

MSPs Expand Service Offerings

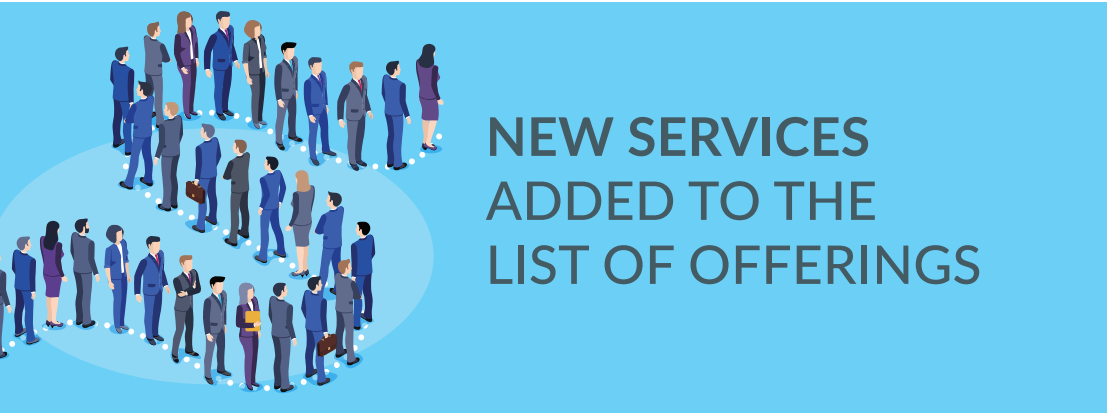
Of the MSPs surveyed, 91 percent said they believe that frequently adding new service offerings is important for their business.

Importance of frequently adding new service offerings

New service	2020	2019
Very important	36%	40%
Somewhat Important	55%	51%
Not very important	8%	7%
Not important at all	1%	2%



In addition, 63 percent of MSPs have added four or more new services to their list of offerings in the past two years.



New services added to offerings	2020	2019
1 to 3	35%	40%
4 to 5	39%	37%
6 to 7	10%	9%
More than 7	14%	12%
None	2%	4%

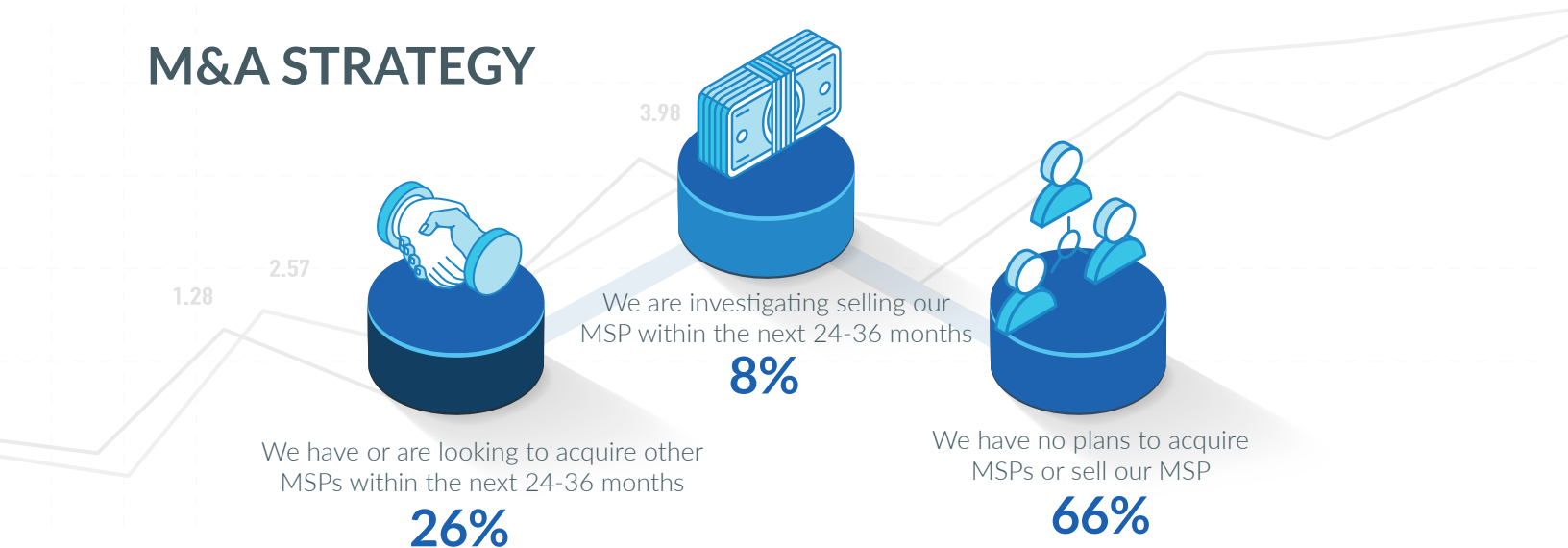


MSP Merger and Acquisition (M&A) Strategy

About a quarter of MSPs are looking to acquire other MSPs within the next 24 to 36 months. Only about 8 percent are looking to sell their MSP business within the same period. Two-thirds of MSPs have no plans to acquire another MSP or sell the business in this two-to-three-year timeframe.



M&A STRATEGY



Applications Important to MSP Operations

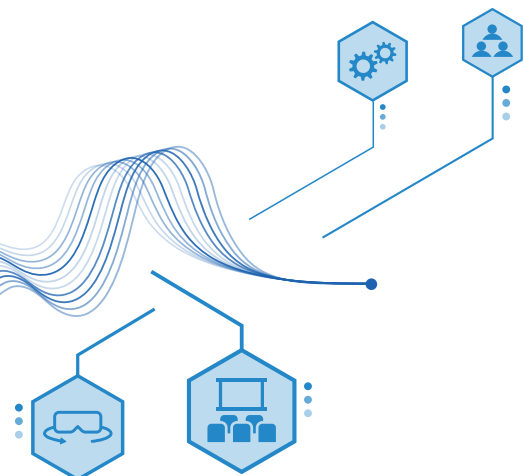
Similar to 2019, RMM is the most important application for the majority of the respondents (65 percent), followed by PSA and IT documentation solutions.

Applications most important to your MSP operation	2020	2019
Remote Monitoring and Management (RMM)	65%	61%
Professional Services Automation (PSA)	16%	21%
IT documentation	14%	11%
CRM	3%	3%
General ledger/accounting	1%	1%



Similarly, 70 percent of MSPs find IT management platform integration to be critical or very important to improving operational efficiency. The vast majority of MSPs (more than 80 percent) believe the integration of their core MSP applications can help their organization drive better bottom-line profits.

Importance of integration between MSP applications	2020	2019
Critical	23%	23%
Very important	47%	48%
Somewhat important	26%	24%
Not important	4%	5%



Security and Compliance

As cyber threats escalate, security and compliance needs keep growing. Below are the security and compliance findings from the survey.

MSP Business Risk

MSPs realize they have a bullseye on their backs – primarily as a target of cyberattacks. More than a third (39%) say their business is more at risk today.



MSP business risk when compared to previous year	2020	2019
Significantly more at risk	13%	13%
More at risk	26%	24%
About the same	33%	27%
More secure	21%	26%
Significantly more secure	7%	10%

MSP Customers Looking for Cybersecurity Advice

Of the MSPs surveyed, 77 percent say that 10 to 20 percent of their clients have experienced at least one cyber attack in the past 12 months.



Percentage of your clients that have experienced at least one cyberattack within the past 12 months	2020	2019
10% to 20%	77%	77%
21% to 40%	13%	14%
41% to 80%	6%	6%
More than 80%	4%	2%

Armed with evolving technologies and the advantage of less secure environments due to the shift to remote work, cyber criminals were more active than ever in 2020.

As a result, a significantly higher percentage of MSPs have their clients turning to them for cybersecurity plans and best practices.

To what extent have clients turned to you for advice on cybersecurity plans and best practices?	2020	2019
All of our clients	19%	15%
Most of our clients	44%	40%
Some of our clients	34%	40%
None of our clients	2%	5%



Also, about half of the clients of MSPs surveyed use four or more security solutions.

No. of security solutions used by MSP clients	2020	2019
1 to 3	52%	56%
4 to 5	37%	34%
6 to 7	6%	6%
More than 7	5%	4%



Compliance Requirements Impacting MSPs and MSP Clients

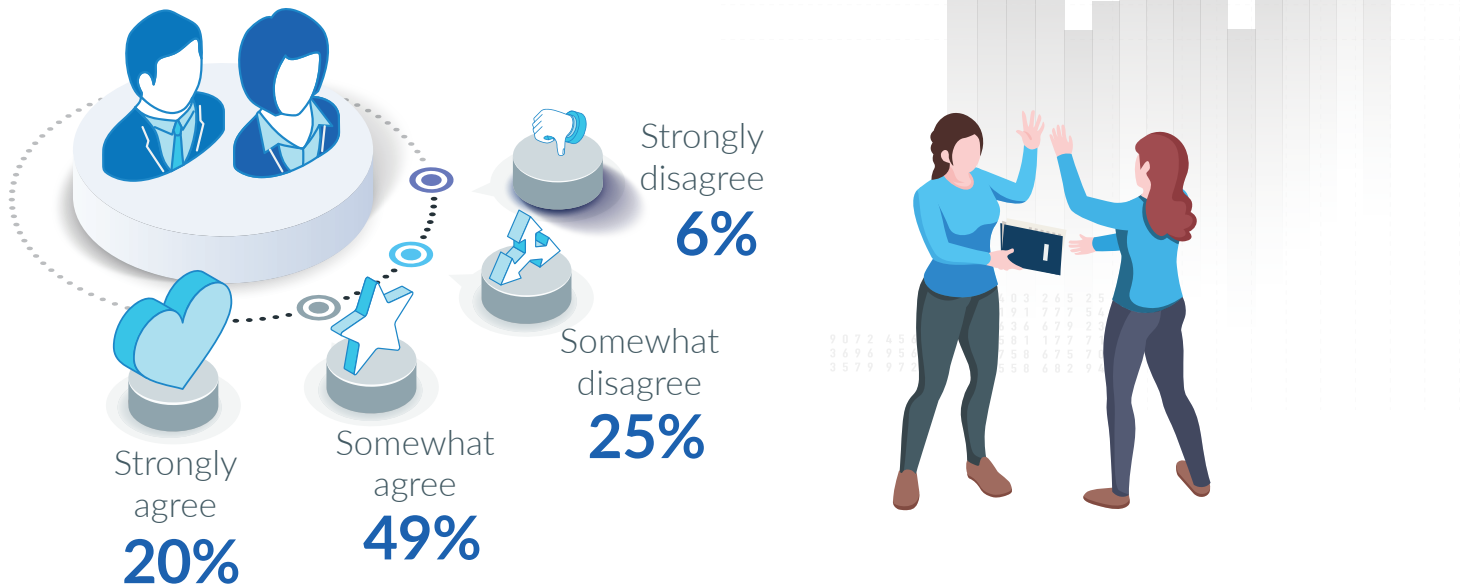
HIPAA impacts 76 percent of MSPs in the Americas region, followed by PCI DSS. NIST CSF impacts about 28 percent of MSPs in the Americas region.

In the EMEA region, MSPs are impacted by GDPR the most, as would be expected.

Compliance requirements impacting MSPs	Americas	APAC	EMEA	All Respondents
HIPAA	76%	41%	17%	66%
PCI DSS	46%	47%	28%	43%
GDPR	20%	53%	81%	30%
NIST CSF	28%	6%	4%	23%
SOX	21%	18%	8%	19%
CCPA	13%	6%	6%	12%
DFARs	13%	12%	4%	11%
FINRA	13%	0%	3%	11%
CMMC	12%	0%	6%	11%
NY SHEILD	11%	0%	1%	9%
CJIS	8%	12%	3%	7%
FERPA	7%	0%	0%	6%
Other	6%	0%	15%	7%
None	11%	12%	15%	12%

MSP customers continue to face compliance challenges, with 69 percent of MSPs saying that they agree that their clients struggle to meet compliance requirements. With the increasing number of new regulations, the problem is getting even more severe.

MSP Clients Struggle with Compliance



MSPs are seeing the value in delivering compliance services with more than half offering these services today. However, this varies widely across the different geos, with only 39 percent of MSPs in EMEA offering these services, for example. Of the MSPs that don't offer compliance services, the majority said that they plan to add these services within the next two years.

Do you offer compliance services to your customers?



Compliance services	Americas	APAC	EMEA	All Respondents
Yes	56%	29%	39%	53%
No, but we plan to do so in the next 12 - 24 months	29%	47%	31%	30%
We do not offer compliance services and have no plans to do so in the future	15%	24%	31%	18%

Backup and Disaster Recovery Findings

Almost all MSPs provide backup and disaster recovery services. Here we look at the backup methods used, SaaS data backup and disaster recovery testing.

Primary Method of Backup for MSPs

The majority of the MSPs surveyed (75 percent) use a combination of local and cloud backup methods to back up their clients' data, while 19 percent use cloud backup only. A mere 5 percent only use local backup. This all makes sense, since redundant backups to both local and cloud provide better protection.



Backup Method of MSPs	Americas	APAC	EMEA	All Respondents
Cloud backup	18%	19%	19%	19%
Local backup	3%	15%	7%	5%
Local and cloud backup	77%	65%	69%	75%
We do not provide backup services	1%	0%	4%	1%

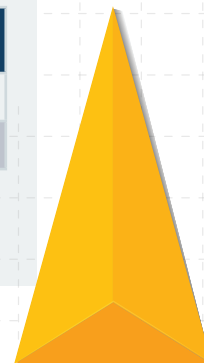
MSP Clients' SaaS Backup

Almost all SMBs use some SaaS applications as part of their daily operations. In 2020, there was a huge jump in the percentage of MSPs that are backing up their clients' business-critical SaaS applications, like Office 365, G Suite and Salesforce. Nearly 70 percent of MSPs provide SaaS backup compared to only about half in the prior year. This is an opportunity to add a new service for the other 30% of MSPs not offering it today.

Do you currently back up your customers' SaaS applications?

SaaS applications backup for clients	2020	2019
Yes	69%	53%
No	31%	47%

69%
2020



Disaster Recovery Testing

Fewer MSPs are testing disaster recovery programs weekly and monthly compared to 2019. Many more (30 percent compared to last year's 17 percent) are testing only annually now. Automated backup and recovery testing can alleviate the pain of manual testing so that it can be done more frequently.

How regularly do you simulate disaster recovery capabilities?	2020	2019
Annually	30%	17%
Quarterly	29%	31%
Monthly	10%	20%
Weekly	5%	13%
Whenever the environment changes	17%	12%
Never	8%	7%



PSA Findings

Ticketing, integrations, time tracking, dashboards and billing are the most important features and functions of a PSA solution for MSPs. In the EMEA region, MSPs consider ticketing and dashboards to be the most important.

Most important features of PSA	Percentage of respondents
⊕ Ticketing	73%
⊕ Integrations with other key tools, e.g., RMM and IT documentation	61%
⊕ Tracking time	53%
⊕ Dashboards	52%
⊕ Billing	49%
⊕ Customer relationship management (CRM)	48%
⊕ Project management	41%
⊕ Business intelligence/reporting	39%
⊕ Standard operating procedures (SOPs)	30%
⊕ Other functionality	3%



Most important features of PSA	Americas	APAC	EMEA	All Respondents
Ticketing	76%	47%	68%	73%
Integrations with other key tools like RMM and IT documentation, for example	62%	35%	65%	61%
Tracking time	56%	29%	44%	53%
Dashboards	49%	59%	68%	52%
Billing	51%	53%	39%	49%
Customer relationship management (CRM)	49%	59%	43%	48%
Project management	40%	53%	39%	41%
Business intelligence/reporting	38%	47%	42%	39%
Standard operating procedures (SOPs)	29%	35%	36%	30%
Other functionality	3%	0%	3%	3%

MSP Billing Models

Billing models seem to be pretty evenly distributed across the four types we provided in the survey. Of the MSPs surveyed, 30 percent use a combination of per-user and per-device billing. About 20 percent of MSPs offer tiered bundles of managed services.

Billing model for managed services	All Respondents
Combination of per user and per device	30%
Per user (all-in seat price)	23%
Per device	22%
Tiered bundles for managed services (e.g. Gold, Silver and Bronze)	20%
Other	4%

MSP pricing and billing plays a crucial role in the long-term success of the MSP. MSPs have to find the middle ground between charging enough and keeping their clients happy. Also, the billing model for an SMB might not work for a large enterprise. Hence MSPs must take the requirements of the clients in consideration when deciding on a particular billing model.



CONCLUSION

Managed service providers have been fortunate to be in a position to help their clients not only survive the pandemic but to find new ways to thrive. There has been a significant increase in demand for managed IT services over the past year. With security and remote workforce management being top challenges for their clients, MSPs should focus on these services to drive revenue growth in 2021.

MSPs must leverage a comprehensive IT management platform that improves operational efficiency and significantly reduces costs. Core components of that platform include unified remote monitoring and management, PSA and IT documentation. This integrated solution will enable them to establish efficient remote management capabilities, streamline IT workflows and secure their clients' IT environments.



APPENDIX A

Additional Pricing Data

Below are the current pricing details of the various services MSPs are offering to their customers.



Most Frequently Quoted Standard Hourly Rate

In the Americas region, 70 percent of the respondents quote an hourly rate of \$101 to \$200 per hour. In our 2020 – 2019 comparison of the standard hourly rate, we have found that there wasn't much difference in the charged rate.

Most frequently quoted standard hourly rate	2020	2019
Up to \$50/hour	6%	5%
\$51 - \$100/hour	17%	17%
\$101 - \$200/hour	63%	65%
\$201 - \$250/hour	4%	5%
More than \$250/hour	1%	1%
We don't have an hourly rate option	8%	6%



Most frequently quoted standard hourly rate	Americas	APAC	EMEA	All Respondents
Up to \$50/hour	3%	35%	19%	6%
\$51 - \$100/hour	12%	18%	40%	17%
\$101 - \$200/hour	70%	29%	32%	63%
\$201 - \$250/hour	5%	0%	1%	4%
More than \$250/hour	2%	0%	0%	1%
We don't have an hourly rate option	8%	18%	7%	8%

Ongoing Support and Maintenance Charges (Per Server, Per Month)

In the Americas, the per-server charge is evenly distributed across the ranges from \$26 to \$100 per device per month.

Charge per server, per month for support and maintenance	Americas	APAC	EMEA	All Respondents
\$25 or less/device/month	8%	18%	22%	11%
\$26 - \$50/device/month	14%	29%	22%	16%
\$101 - \$150/device/month	15%	6%	11%	14%
\$51- \$100/device/month	16%	12%	8%	14%
\$151 - \$200/device/month	11%	0%	1%	9%
More than \$200/device/month	10%	6%	3%	9%
We do not offer per-device pricing	27%	29%	32%	28%

Ongoing Support and Maintenance Charges (Per Workstation, Per Month)

In the Americas, 41 percent of MSPs charge less than \$51 per workstation, per month. In EMEA and APAC, more than half of MSPs charge less than \$51 per month.

Charge per workstation, per month for support and maintenance	Americas	APAC	EMEA	All Respondents
\$25 or less/device/month	18%	35%	33%	21%
\$26 - \$50/device/month	23%	24%	17%	22%
\$51- \$100/device/month	18%	12%	14%	17%
\$101 - \$150/device/month	9%	0%	3%	8%
\$151 - \$200/device/month	2%	0%	0%	1%
More than \$200/device/month	0%	0%	0%	0%
We do not offer per-device pricing	29%	29%	33%	30%

Charges for SaaS Applications Backup

In the Americas, about a quarter of MSPs charge \$4 or more per user, per month for SaaS data backup. Another 29 percent charge \$3 to \$4 per user, per month.

Charge per user, per month to back up your customers' SaaS applications	Americas	APAC	EMEA	All Respondents
Less than \$1/user/month	4%	15%	7%	5%
\$1 - \$2/user/month	16%	23%	23%	17%
\$3 - \$4/user/month	29%	12%	27%	28%
\$4+ user/month	24%	27%	16%	22%
We do not back up SaaS applications	28%	23%	26%	27%

Cloud Monitoring Service Charges

A third of MSPs charge less than \$251 per month for cloud monitoring services.

Charge for cloud monitoring services on a monthly basis




Services on a monthly basis	2020	2019
Up to \$250 per month	33%	30%
\$251 - \$500	17%	16%
\$501 - \$1,000	11%	8%
\$1,001 - \$1,500	4%	3%
\$1,501 - \$2,000	2%	1%
More than \$2,000	4%	4%
We do not provide these services	30%	38%



Cloud monitoring service charges on a monthly basis	Americas	APAC	EMEA	All Respondents
Up to \$250 per month	32%	31%	39%	33%
\$251 - \$500	17%	15%	17%	17%
\$501 - \$1,000	12%	4%	8%	11%
\$1,001 - \$1,500	4%	4%	3%	4%
\$1,501 - \$2,000	2%	0%	1%	2%
More than \$2,000	3%	4%	6%	4%
We do not provide these services	31%	42%	25%	30%

Breakdown of MSP Client Base by Computing Environment

As you might expect for small businesses, most MSP clients have fully on-premises IT environments. However, a fair number have hybrid cloud/on-premises environments.

-  About half of the respondents have more than 50 percent of their client base that have an all on-premises environment.
-  More than a quarter of the respondents have more than 50 percent of their client base that have a combination of hybrid cloud/on-premises environment.
-  Only 11 percent of MSPs said that more than half of their clients have an “all cloud” environment.

Breakdown of client base by computing environment	All on-prem	Hybrid Cloud/ On-prem	All Cloud
0% - 10%	14%	22%	51%
11% - 20%	8%	15%	15%
21% - 30%	10%	15%	12%
31% - 40%	5%	8%	4%
41% - 50%	13%	13%	6%
More than 50%	51%	27%	11%



Margin Range for Cloud Services

About a quarter of MSPs have a gross margin of 11 percent to 20 percent for cloud services. About 65 percent have a gross margin between 6 percent and 30 percent.

Gross margin range for cloud services

Margin range	2020	2019
Less than 5%	7%	8%
6% to 10%	20%	13%
11% to 20%	25%	23%
21% to 30%	20%	17%
31% to 40%	9%	9%
41% to 50%	5%	3%
More than 50%	5%	6%
We do not offer cloud services at this time	10%	21%



Gross margin range for cloud services	Americas	APAC	EMEA	All Respondents
Less than 5%	7%	18%	3%	7%
6% to 10%	18%	35%	22%	20%
11% to 20%	25%	29%	22%	25%
21% to 30%	20%	6%	24%	20%
31% to 40%	9%	6%	10%	9%
41% to 50%	5%	0%	4%	5%
More than 50%	5%	0%	8%	5%
We do not offer cloud services at this time	10%	6%	7%	10%

Ongoing IT Support Charges

Per-user, per-month charges for ongoing IT support	Americas	APAC	EMEA	All Respondents
\$25 or less/user/month	13%	12%	22%	15%
\$26 - \$50/user/month	18%	23%	28%	20%
\$51- \$100/user/month	21%	23%	16%	20%
\$101 - \$150/user/month	16%	15%	4%	14%
\$151 - \$200/user/month	5%	0%	1%	4%
More than \$200/user/month	2%	4%	3%	2%
We do not offer per-user pricing	25%	23%	25%	25%

Average Size of Monthly Managed Services Contract Per Client

In this year's survey, the average size of managed services contracts was less than \$1,000 for almost a quarter of MSPs. For about half of MSPs, the average was between \$1,000 and \$5,000 per month.

Average size of your monthly managed services contract per client

Contract per client	2020	2019
Less than \$1,000	23%	22%
\$1,001 - \$2,500	28%	30%
\$2,501 - \$5,000	21%	20%
\$5,001 - \$7,500	9%	7%
\$7,501 - \$10,000	2%	4%
More than \$10,000	3%	4%
Not applicable	12%	13%



Average size of your monthly managed services contract per client	Americas	APAC	EMEA	All Respondents
Less than \$1,000	22%	12%	31%	23%
\$1,001 - \$2,500	29%	23%	26%	28%
\$2,501 - \$5,000	24%	23%	9%	21%
\$5,001 - \$7,500	10%	15%	5%	9%
\$7,501 - \$10,000	2%	0%	5%	2%
More than \$10,000	2%	8%	4%	3%
Not applicable	10%	19%	19%	12%



Percentage of customer base represented by certain terms of managed services subscription contracts

Customer base represented by the following terms of managed services subscription contracts	Less than 1 year	1 year	Between 1 year and 2 years	Between 2 years and 3 years	More than 3 years
0%	38%	27%	34%	34%	40%
1 - 10%	28%	20%	14%	10%	11%
11-20%	10%	16%	14%	12%	4%
21-30%	5%	9%	14%	13%	5%
31-40%	2%	5%	11%	8%	6%
41-50%	4%	8%	6%	11%	9%
More than 50%	13%	16%	7%	12%	25%



APPENDIX B

Demographic Data

Get to know our respondents better.

Company Size

About a quarter of our respondents are MSPs with less than five employees while 63 percent of MSPs have fewer than 26 employees.

Company Size

Size of the company	Respondents
More than 100 employees	16%
51 - 100	8%
26 - 50	13%
10 - 25	25%
6 - 9	14%
Less than 5 employees	24%



Endpoints Managed

Just over half of MSPs manage between 501 and 5,000 endpoints. Another 34 percent manage fewer than 500 endpoints.

No. of Endpoints Managed

Size of the company	Percentage of respondents
More than 15,000 endpoints	5%
10,001 - 15,000 endpoints	2%
5,001 - 10,000 endpoints	6%
3,001 - 5,000 endpoints	9%
1,001 - 3,000 endpoints	25%
501 - 1,000 endpoints	19%
101 - 500 endpoints	21%
1 - 100 endpoints	13%



Individual Client Sites Supported by MSPs

Most survey respondents support a relatively small number of locations (individual client sites). About 55 percent support fewer than 50 individual client sites, and about 20 percent support between 50 and 100 individual client sites.

No. of Individual Client Sites Supported

Individual client sites supported	Percentage of respondents
More than 500	5%
201 - 500	10%
101 - 200	10%
51 - 100	20%
0 - 50	55%



MSP Customer Size Range

Most MSPs in the survey support relatively small businesses. For more than a third (38%) of MSPs, more than half of their customer base is between 1 and 25 users. For the vast majority of MSPs, clients with more than 75 users are less than 10% of their customer base.

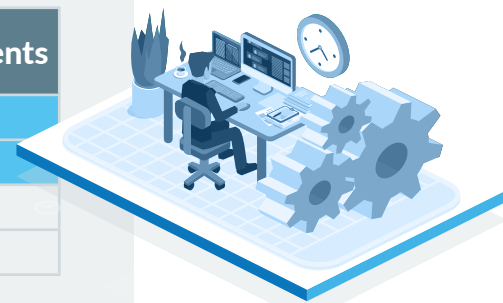
Percentage of customer base	1 - 25 users	26 - 50 users	51 - 75 users	76 - 100 users	101 - 200 users	201 - 300 users	301 - 400 users	401 - 500 users	More than 500 users
0% - 10%	22%	28%	46%	63%	70%	79%	84%	84%	67%
11% - 20%	10%	23%	27%	18%	15%	9%	8%	8%	5%
21% - 30%	12%	23%	18%	13%	7%	6%	4%	3%	6%
31% - 40%	5%	9%	4%	1%	2%	1%	0%	1%	3%
40% - 50%	14%	12%	3%	2%	3%	2%	1%	1%	5%
More than 50%	38%	6%	2%	3%	3%	2%	2%	3%	14%

Employees in Technical Roles

Not surprisingly, technical roles dominate, with 42 percent of respondents having more than 75 percent of their employees in a technical role. Another 42 percent have 50 to 75 percent of their employees in a technical role.

Employees in a Technical Role

Percentage of employees in a technical role	Percentage of respondents
100%	10%
75% - 99%	32%
50% - 74%	42%
Less than 50%	16%



Breakdown of MSP Client Base by Operating System

Microsoft Windows operating system (OS) dominates MSP client environments. 94 percent have more than 50 percent of their clients using Windows OS. A relatively small percentage of clients have macOS or Linux in the mix.

- Of the respondents, 94 percent have more than 50 percent of their clients using Windows OS.
- Of the respondents, more than 80 percent have less than 10 percent of their clients using MacOS and Linux.

Survey Methodology

Kaseya conducted its annual MSP Benchmark Survey in December 2020 using structured questionnaires. To simplify the questionnaires, pricing and revenue information was requested in U.S. dollars and respondents were asked to select from price ranges rather than to specify exact figures.

To provide an indication of trends, the report includes comparable results from 2019 where applicable. Results have been broken down by region where responses differ significantly across geographic areas. All current results are included in the global statistics described as '2020.'

Overall, we've made every attempt to provide the data in a format that is most useful to the widest audience possible. Note that several questions include intentionally generalized data, given that the replies are highly variable (e.g., specific services offered in per-user pricing agreements, certain service contracts offered in remote regions of the world).

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Sources

1. Managed Services Market - Growth, Trends, Covid-19 Impact, And Forecasts (2021 - 2026), Mordor Intelligence

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