Channel Opportunity:

Never Better

Michael DePalma

Channel Development Manager

Today's Managed Service Providers

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

Age:

Under 21 **1%**

21-29 **10%**

30-39 **30%**

40-49 **31%**

50-59 **21%**

60-69 **6%**

70+ **1%**

Primary Role:

■ Technical **26%**

■ Business **23%**

■ A mix of both **51%**

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

The Business of Managed Services

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

365 365 365 365 365
365 365 365 365 365

Years in Business:

Less than three years **10%**

3-5 years **7%**

6-8 years **8%**

9-11 years **13%**

12-15 years **15%**

16+ years **47%**

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

MSP Staffing Trends

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

Hiring Projections:

1-5 **71%**

6-10 **6%**

11-15 **3%**

16-25 **2%**

26-50 **1%**

50+ **1%**

None **16%**

Recruiting Difficulty This Year vs. Last:

■ About the Same **58%**

■ Harder **37%**

■ Easier **5%**

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

Making Dollars and Cents of Managed Services

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

Annual Revenue:

Less than $200k **18%**

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

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

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

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

$7.5M+ **12%**

Recurring Revenue:

OVER 80% of MSPs report driving a **portion of their revenue from recurring services.**

MSPs and their Clientele

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

Size of Client-base:

1-100 **59%**

101-200 **18%**

201-300 **7%**

301-400 **4%**

401-500 **2%**

501+ **10%**

Face Time with Clients:

89% of MSPs also report making at least one **client site visit per week**.
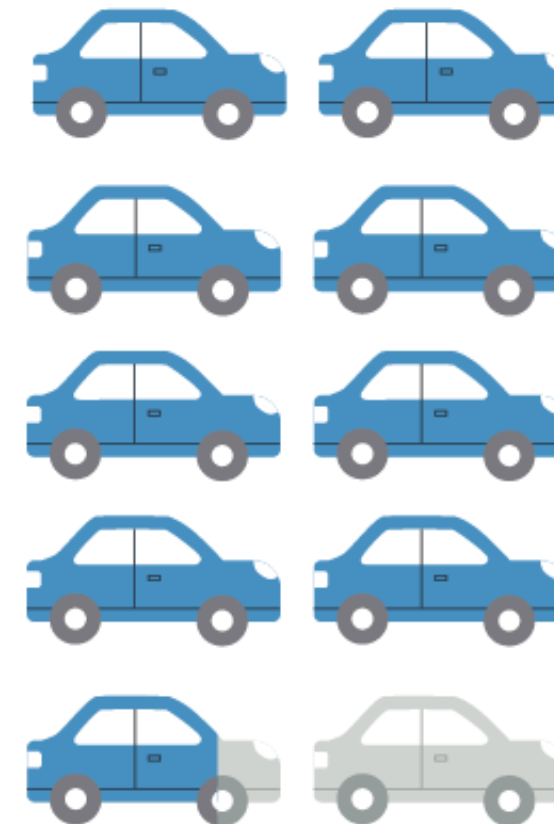
NEARLY 80% of MSPs predict **adding** between **1-10 new clients** in the next 12 months.

MSP Specialization

56%
of MSPs are **specializing their services** for a particular industry.
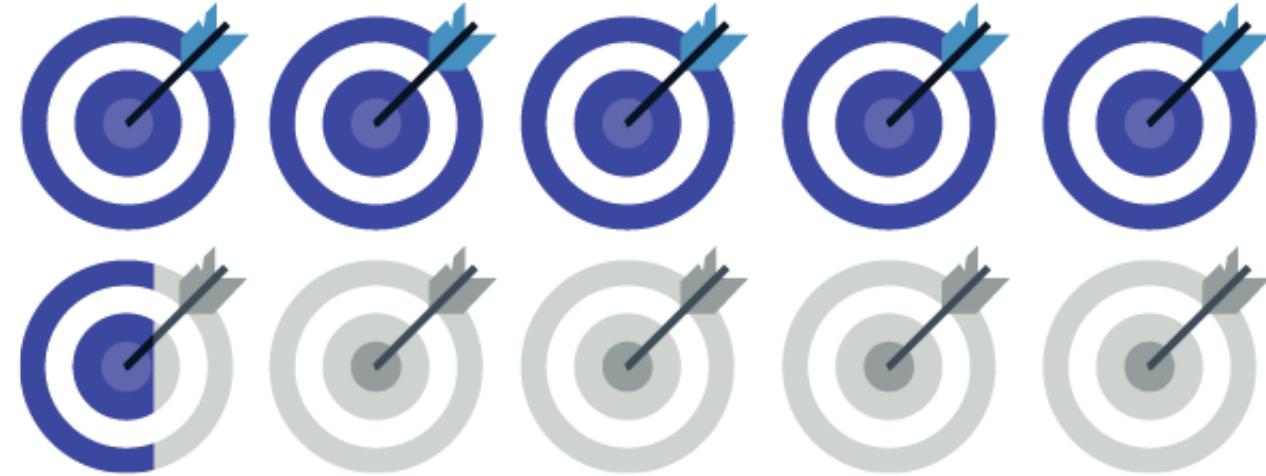
Of this group, the most popular verticals MSPs report targeting are healthcare, finance, and legal.

Top Industries Targeted by MSPs:*

Healthcare **34%**

Finance **27%**

Legal **24%**

Non-profit **24%**

Manufacturing **23%**

Construction **20%**

Education **15%**

Real Estate **15%**

Government **13%**

Startups **10%**

"

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

Jim Turner, President and CEO, Hilltop Consultants

*Survey respondents were able to select multiple choices.

What's Keeping MSPs Up at Night?

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

Top Business Pain Points for MSPs:*

Marketing/Sales **44%**

Work/Life Balance **38%**

Revenue Growth **33%**

Ransomware/Cybersecurity **30%**

Hiring Good People **30%**

Technology or Vendor Issues **28%**

Profitability **27%**

Internal Operations **25%**

Company Culture **13%**

Compliance or Data Privacy Issues **13%**

Competition **9%**

Customer Churn **6%**

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

*Survey respondents were able to select multiple choices.

Top Products and Services Offered by MSPs

Products and Services:*

Help Desk **87%**

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

Productivity Software **79%**

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

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

Security Management Software/Tools **62%**

VoIP Technology **60%**

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

Storage Design and Implementation **41%**

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

Survey respondents were able to select multiple choices.

87%

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

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

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

$100 Billion

SMB Perceptions

1100 SMBs
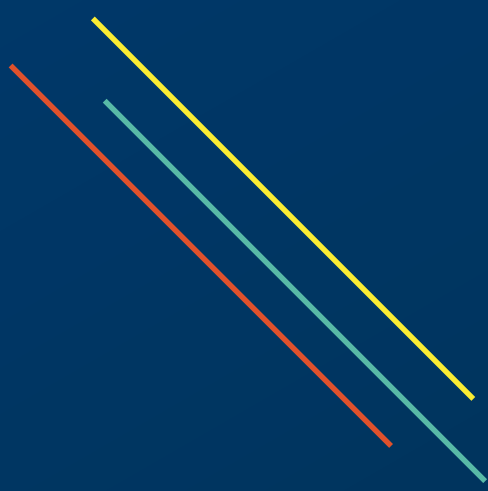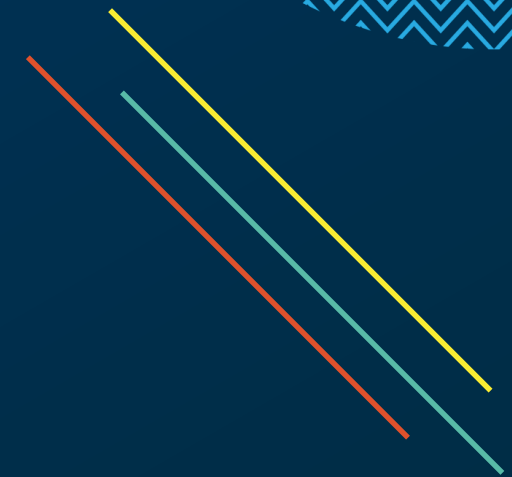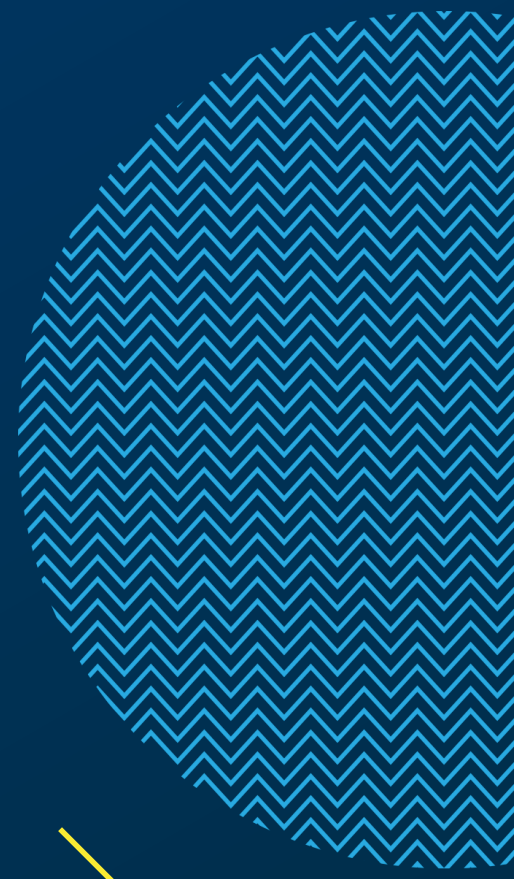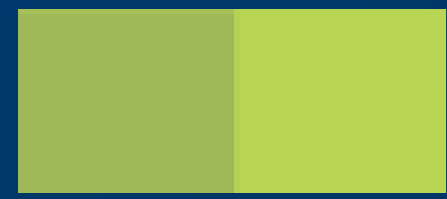
71%
Internal IT Only

12%
Outsourced
IT Only

17%
Both Internal &
Outsourced IT Only
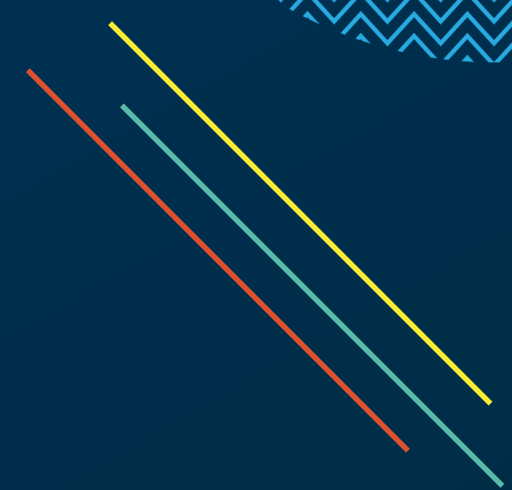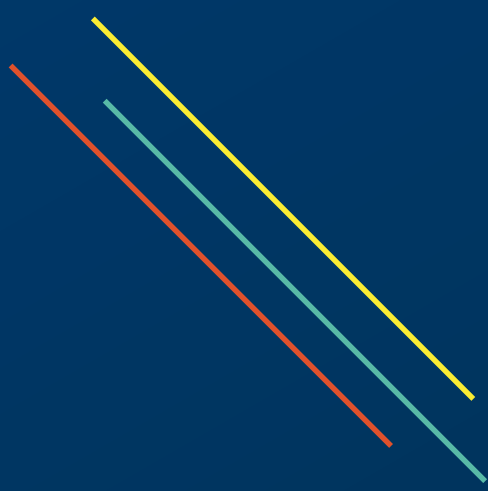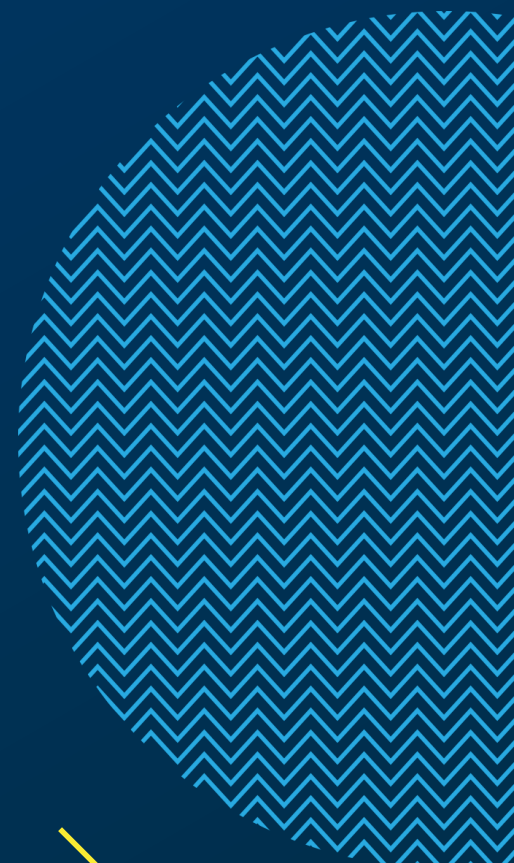
1.

Market
Findings

2.

MSP
Perceptions

3.

Action
Plan
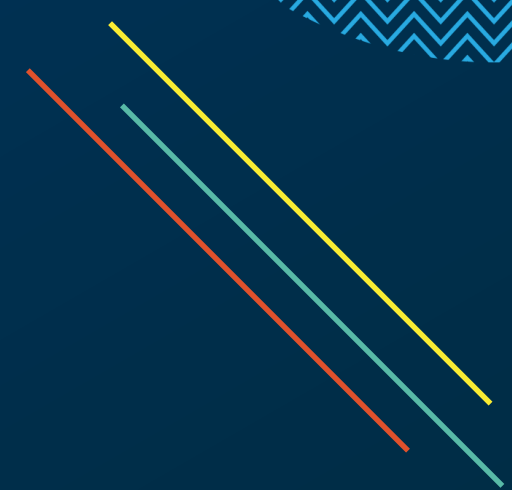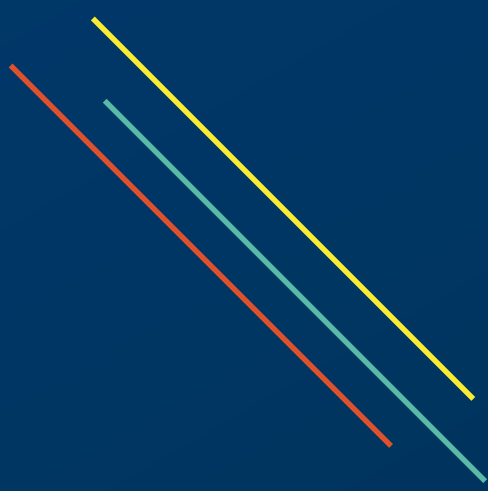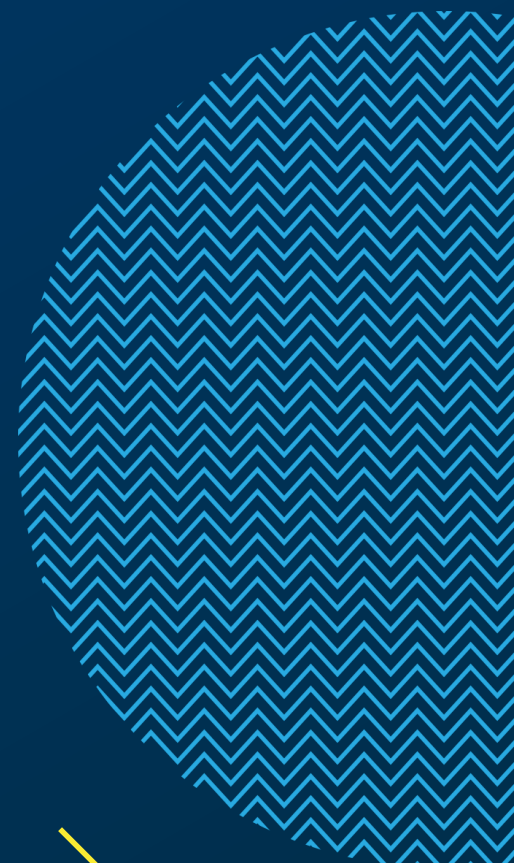
IT helps my business to succeed

95%   4%
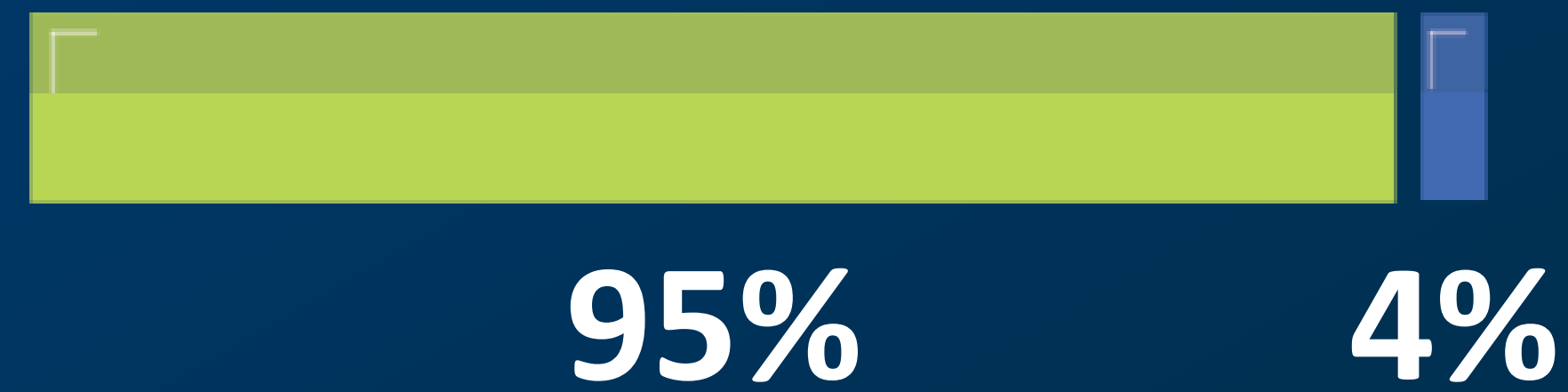
■ Agree   ■ Neither agree or disagree

We view IT mainly as a cost center

45%   **28%**   **20%**
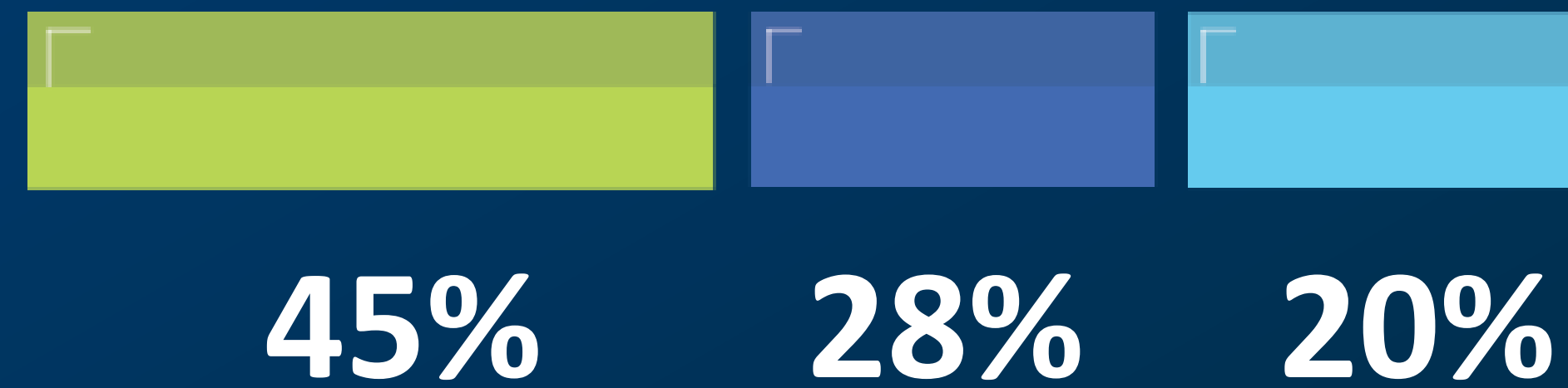
■ Agree   ■ Neither agree or disagree   ■ Disagree

Company Employee Size Vs. IT Support Groups

Overall

IT Support Groups

	Overall	Internal IT only	Outsourced IT only	Co-Managed IT
10-19	13%	11%	21%	6%
20-49	21%	17%	31%	13%
50-99	21%	23%	20%	21%
100-149	19%	22%	13%	24%
150-199	10%	9%	5%	18%
200-300	15%	18%	10%	19%

How Long Outsourced IT

Overall

IT Support Groups

	Outsourced IT only	Co-Managed IT
Within the last 6 months 9%	6%	13%
6 months t o less than a year 11%	8%	16%
1 to 2 years ago 24%	22%	27%
3 to 5 years ago 27%	24%	30%
More than 5 years ago 27%	38%	12%

Co-Managed IT
61.3%

Outsourced Only
38.7%
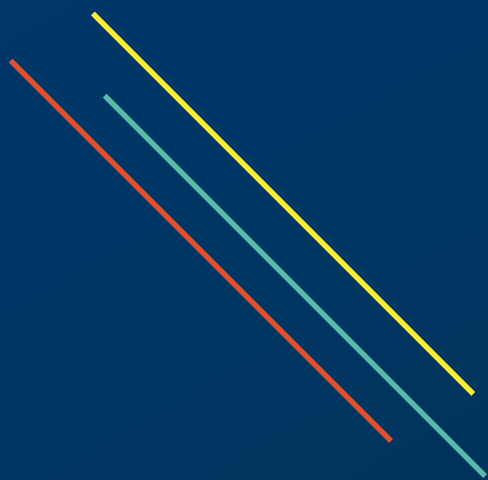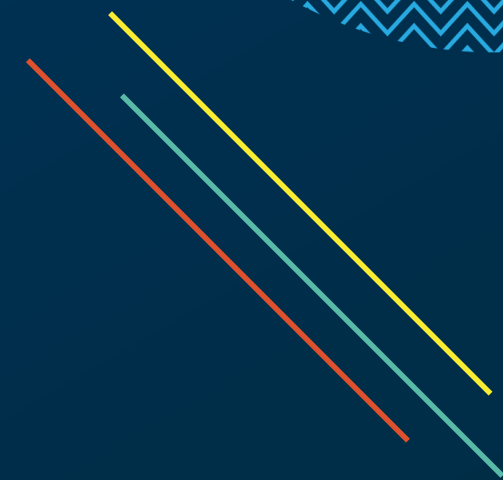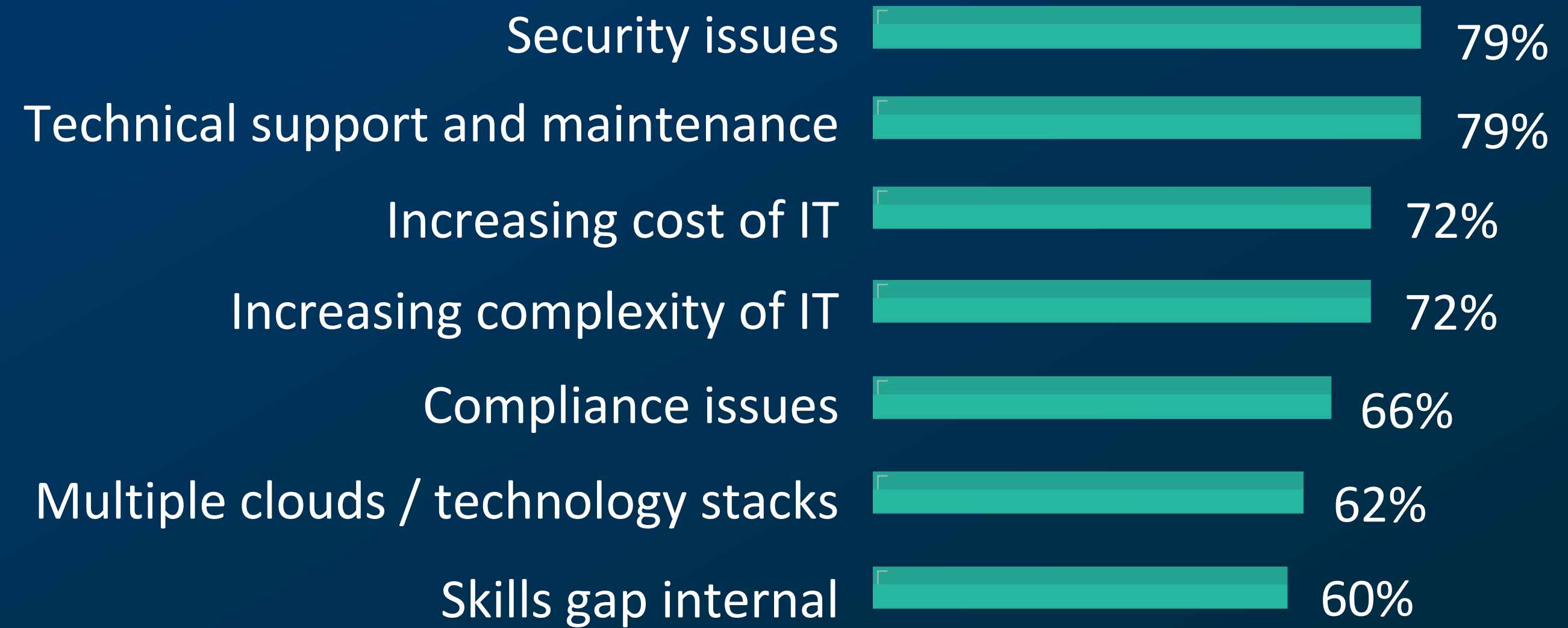
Opening the Door   70%
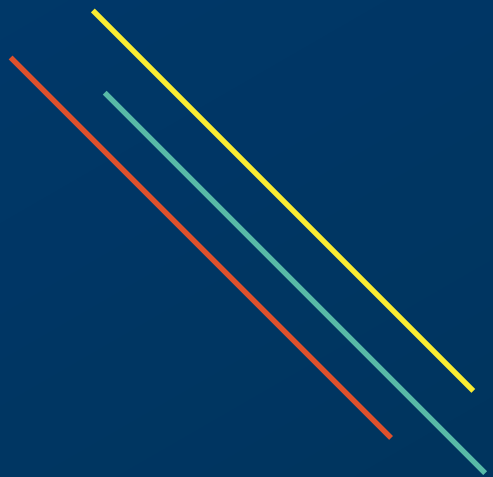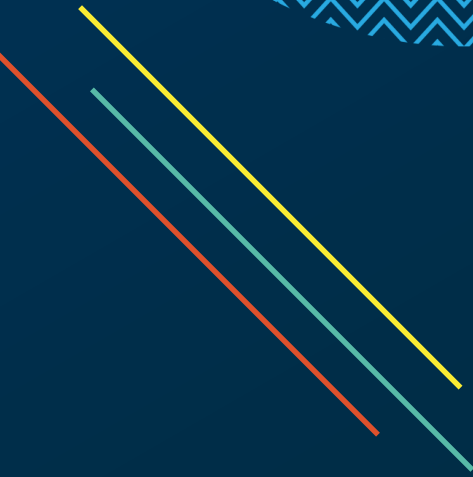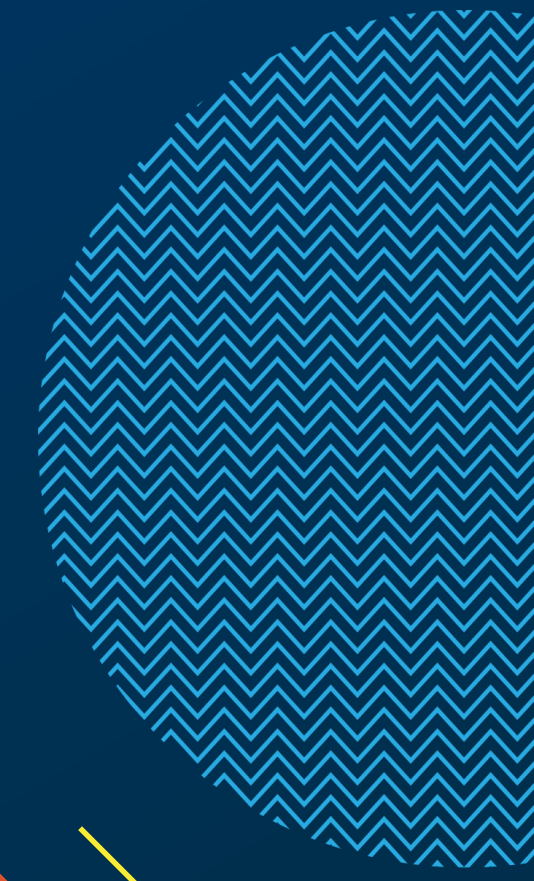
Reasons for Outsourcing IT
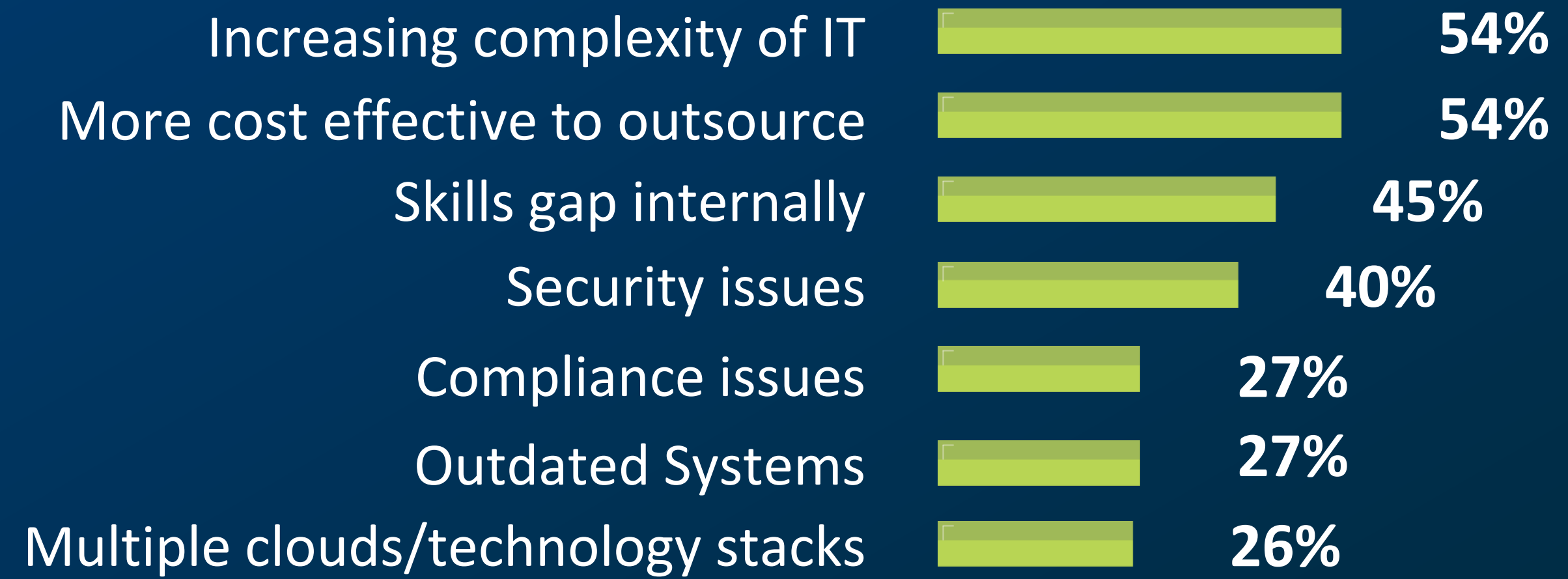
Reason	Percentage
Increasing complexity of IT	54%
More cost effective to outsource	54%
Skills gap internally	45%
Security issues	40%
Compliance issues	27%
Outdated Systems	27%
Multiple clouds/technology stacks	26%
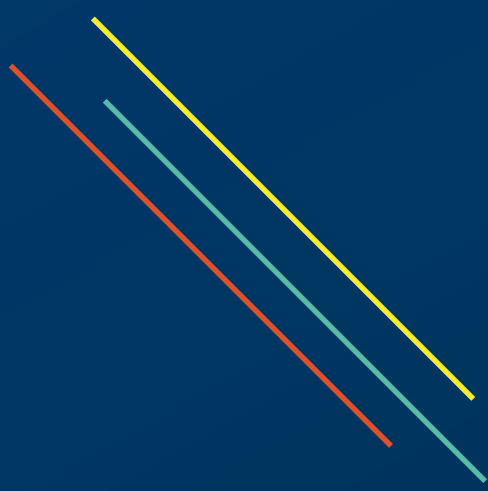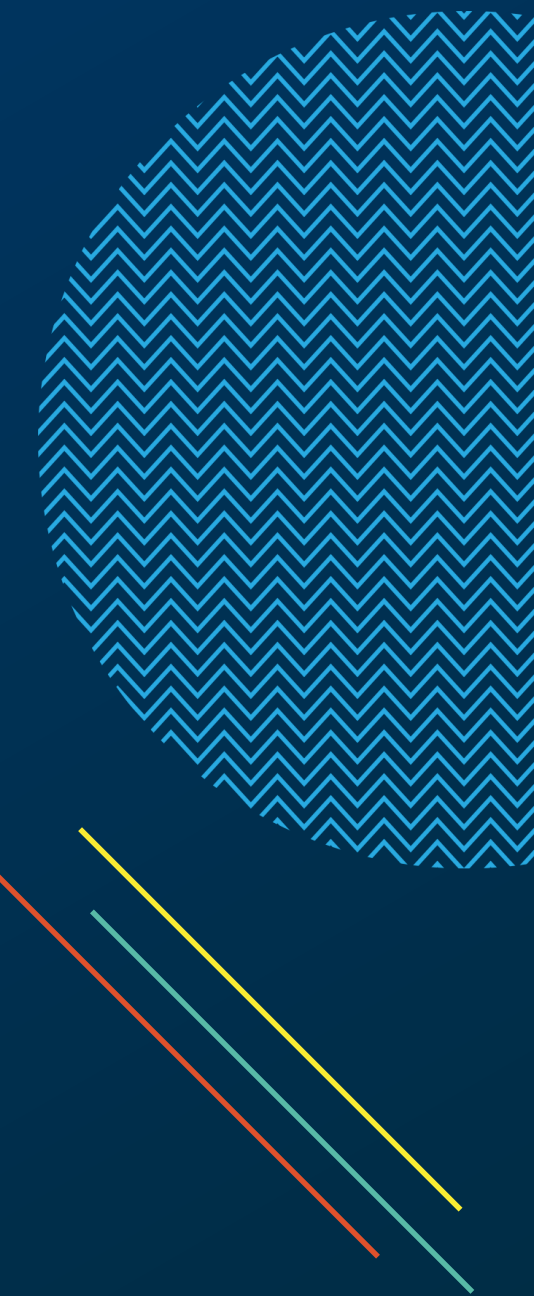
How SMBs Find You

		Most Important
Recommendation from a colleague	37%	18%
Customer reference(s)	31%	9%
Internet search (e.g Google)	27%	5%
Called vendor directly	27%	8%
Provider websites	23%	4%
Third-party review sites	19%	4%
Technical product documentation	17%	4%
Sales call made by vendor	16%	5%
Social media, online communities, YouTube, etc.	16%	3%
Advertising	16%	2%

What SMBs Care About

Category	Percentage
Cost	59%
Technical capabilities	55%
Expertise of technicians/support	52%
Customer service	50%
Understanding my business	47%
Response time	46%
Longevity/stability of provider	35%
Focus on my industry	30%
Recommendation from others	22%
Local/nearby	21%

Common Objections

It would not be cost effective — 41%

We have the skills & knowledge we need internally — 40%

We only need outside help when there's a problem — 28%

We do a better job keeping our data & resources secure — 24%

We're too small to outsource IT — 24%

It would make things more complicated — 19%

We haven't found an IT service provider that we like — 18%

Let's Talk Price

IT Budget as a % Total

Less than 1%	4%
1% to 5%	17%
6% to 10%	21%
11% to 15%	20%
16% to 20%	18%
21% to 30%	11%
More than 30%	9%

Spend per Employee

Less than $50 per month	14%
$50 to less than $100 per month	28%
$100 to less than $150 per month	28%
$150 to less than $200 per month	16%
$200 or more per month	13%
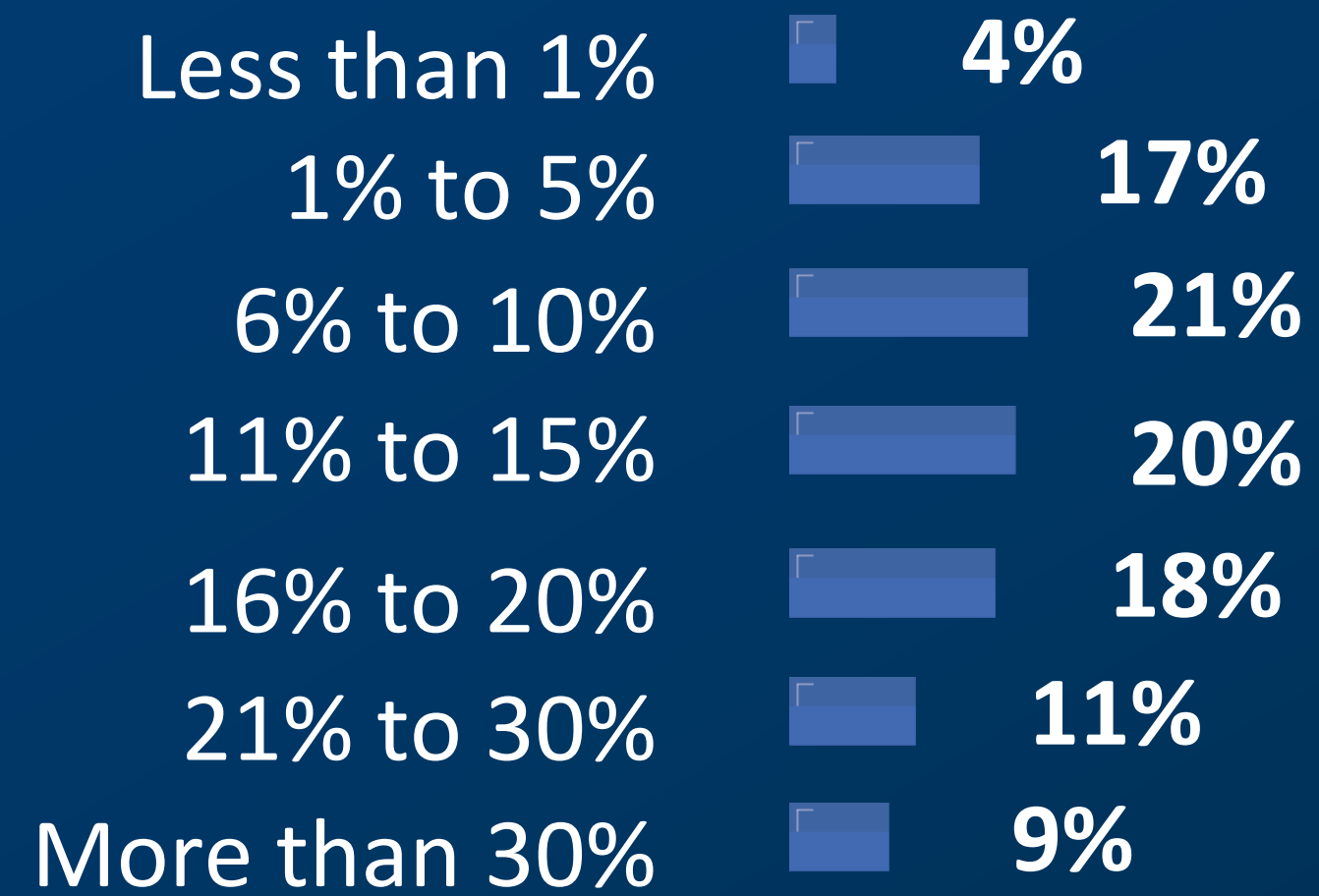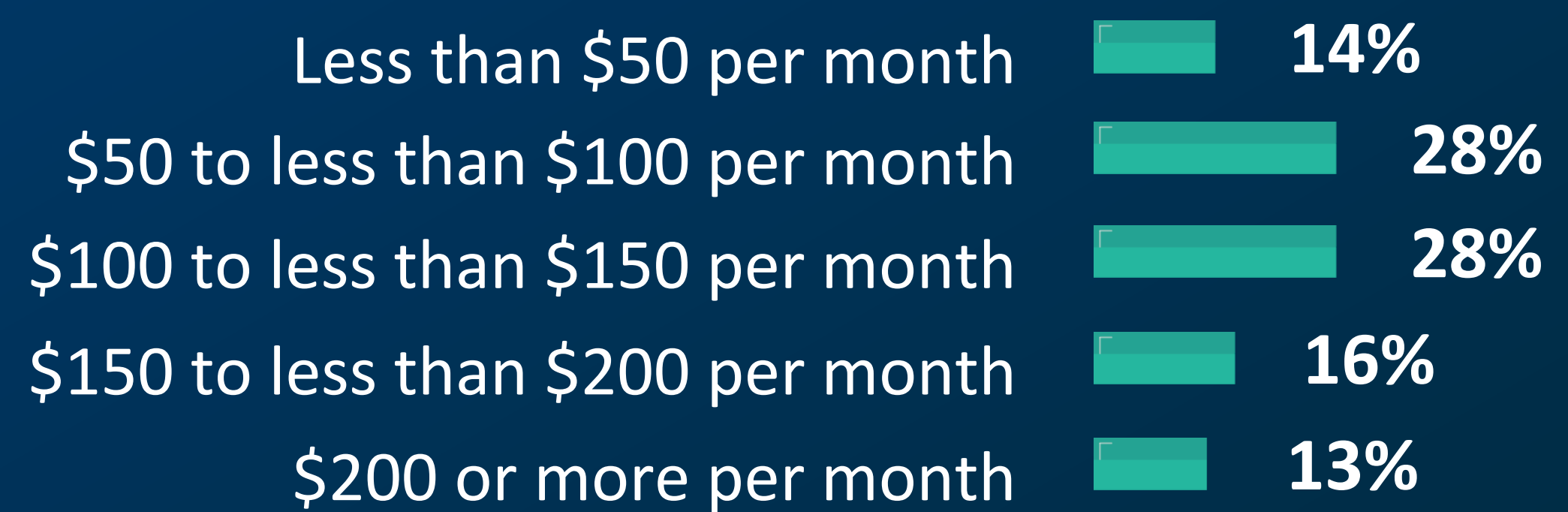
Expected Change in Budget

46%
Increase

47%
Stay the Same

3%
Decrease
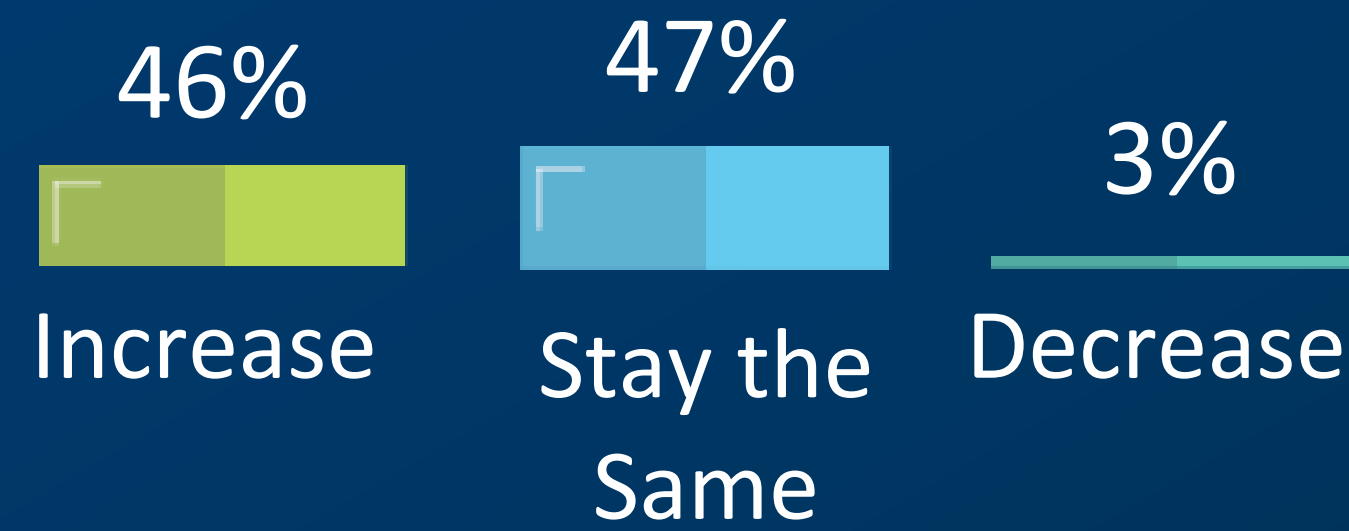
Increase in Budget

Less than 5%	**16%**
5% to 10%	**46%**
11% to 25%	**19%**
26% to 50%	**10%**
51% to 75%	**5%**
76% to 100%	**3%**
More than 100%	**1%**
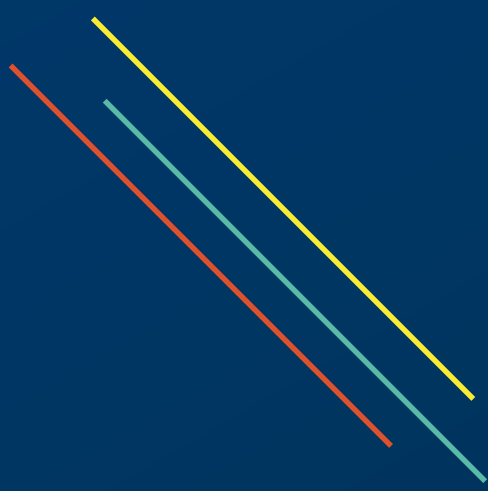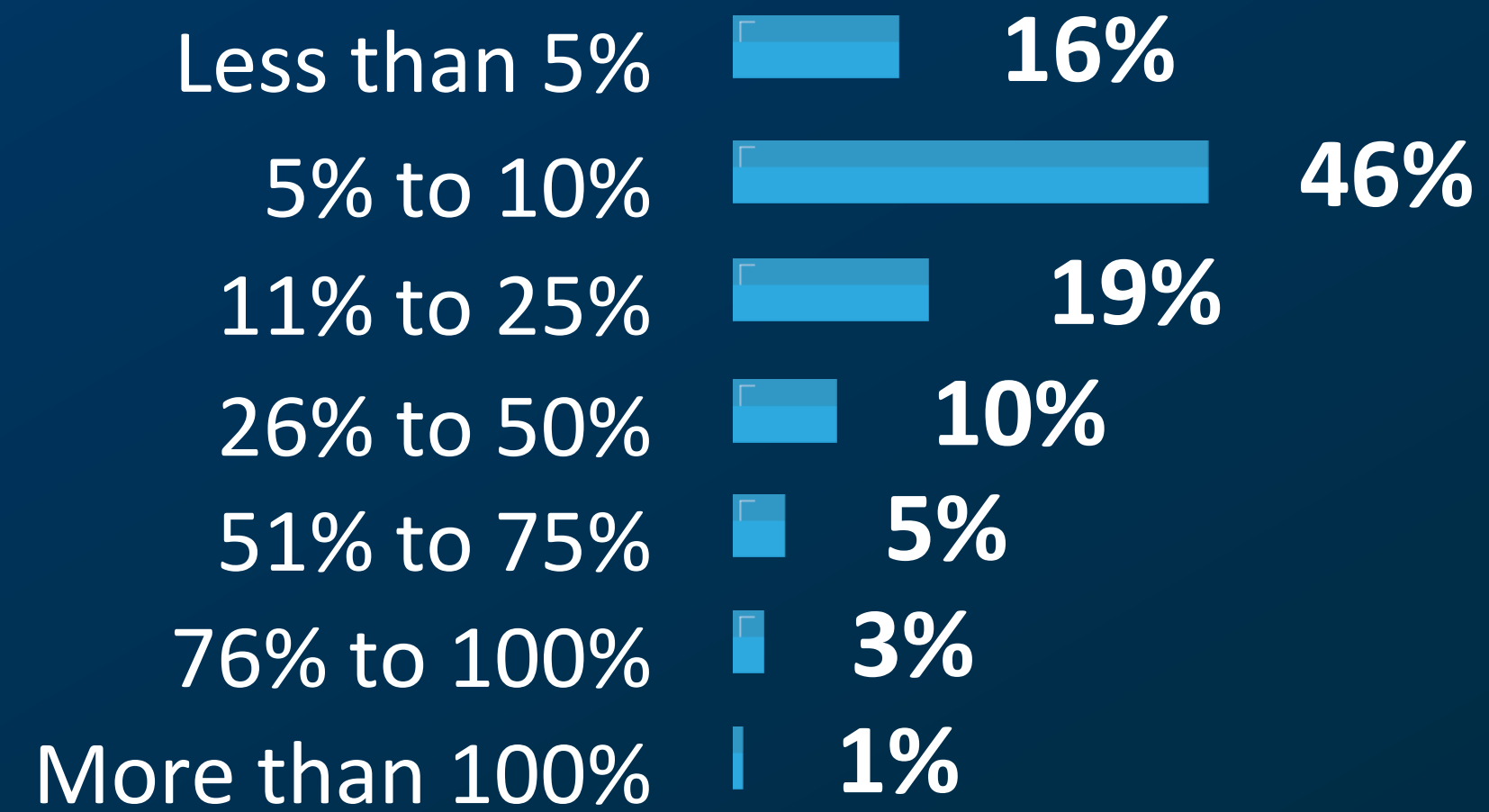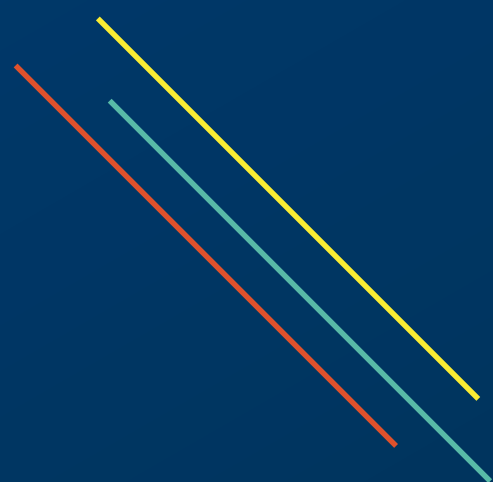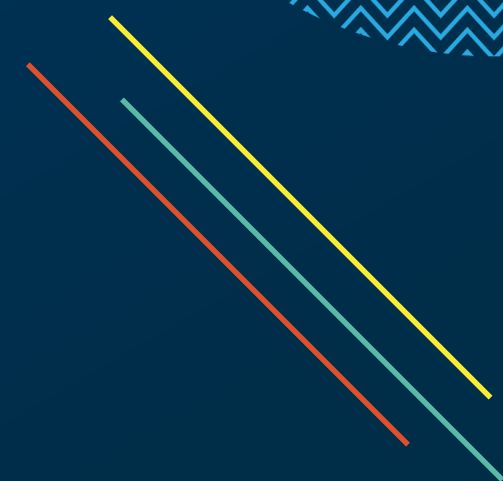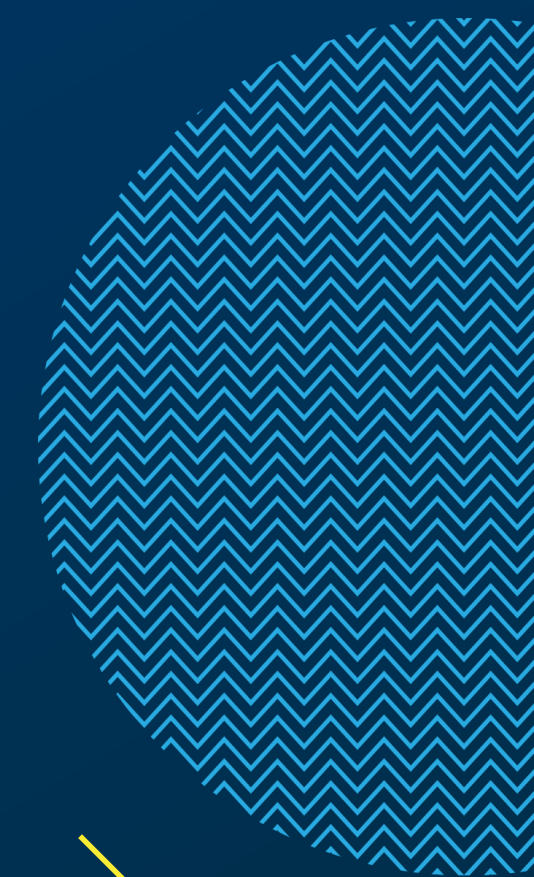
...easy for us to do business with our IT service provider

84%   12%   4%
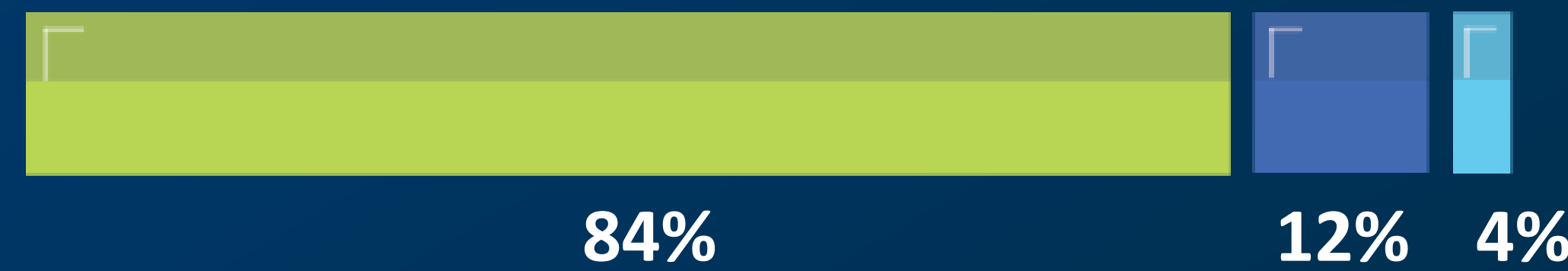
■ Agree   ■ Neither agree or disagree   ■ Disagree

...should drive the IT strategy of our business

77%   16% 7%
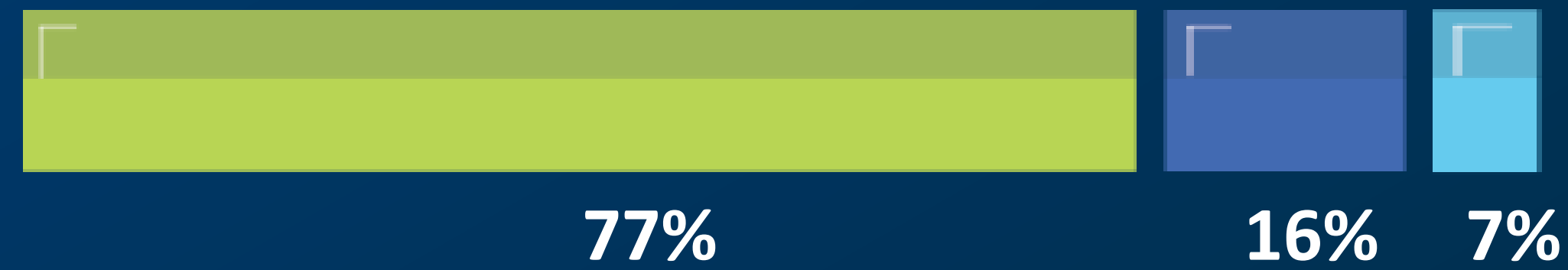
■ Agree   ■ Neither agree or disagree   ■ Disagree

…an essential partner for our company

83% **12%** **5%**
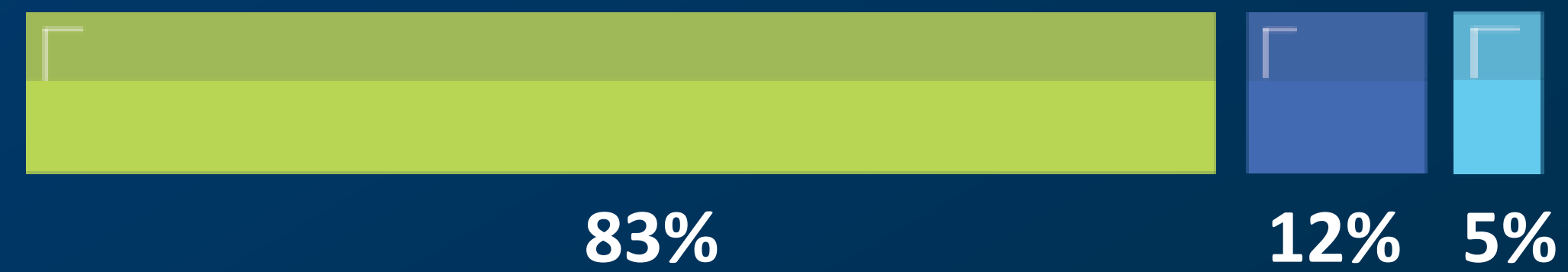
■ Agree   ■ Neither agree or disagree   ■ Disagree

…is good value for the money
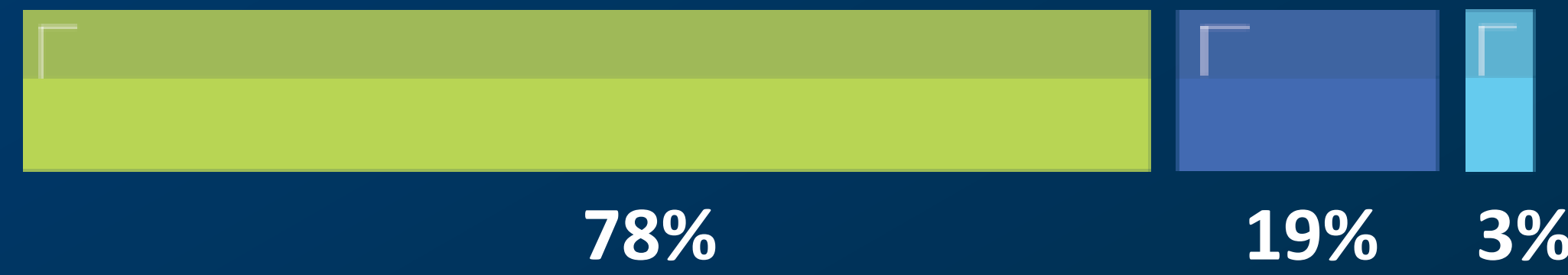
78% 19% 3%
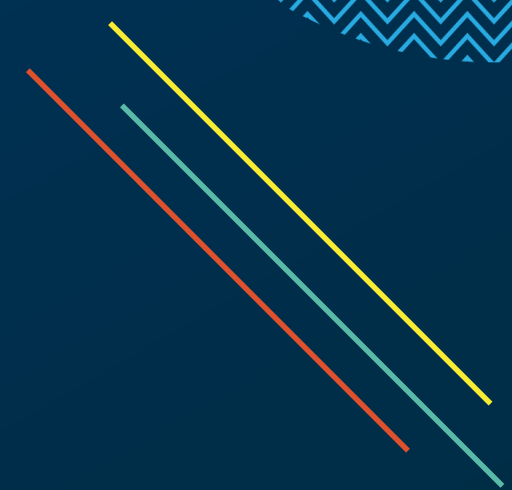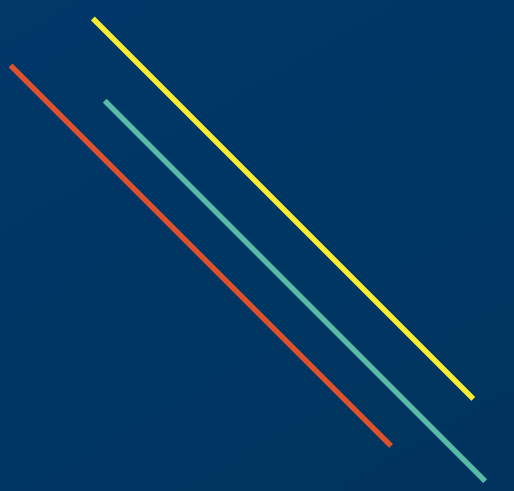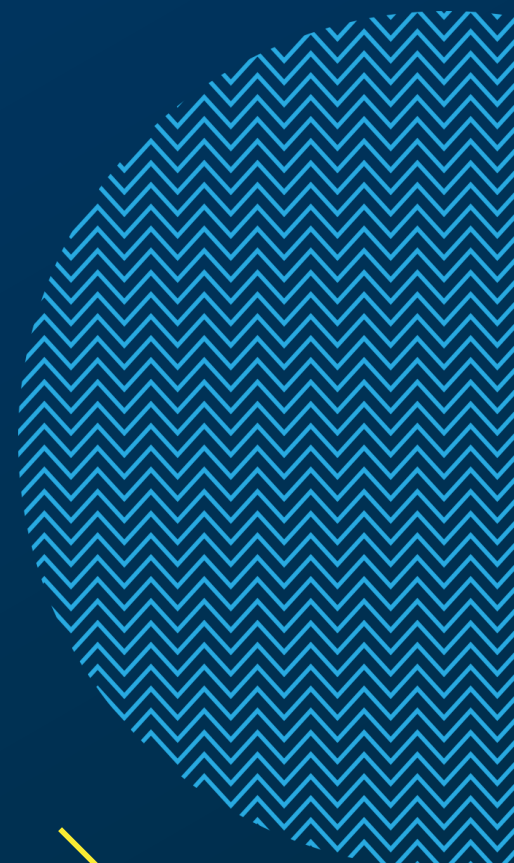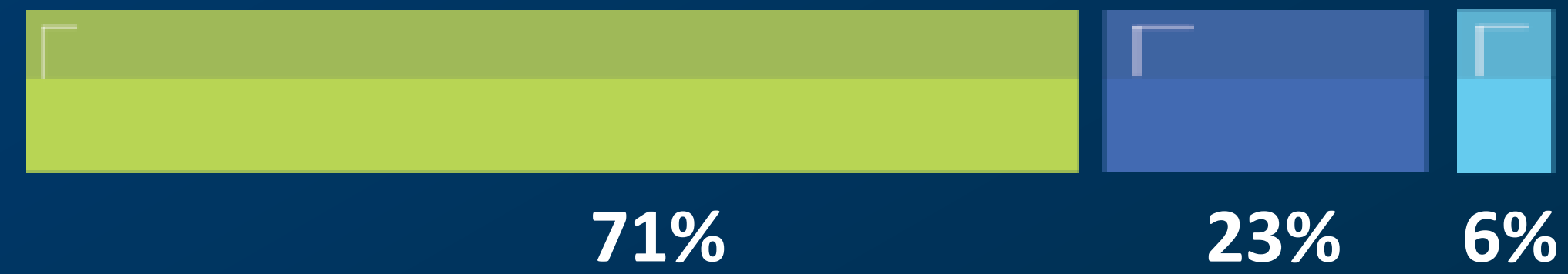
■ Agree   ■ Neither agree or disagree   ■ Disagree

Satisfaction with Current IT Solutions

Internal IT only
34% 56% 8% 1%

Outsourced IT only
40% 43% 11% 5%

Co-Managed IT
45% 49% 4% 3%
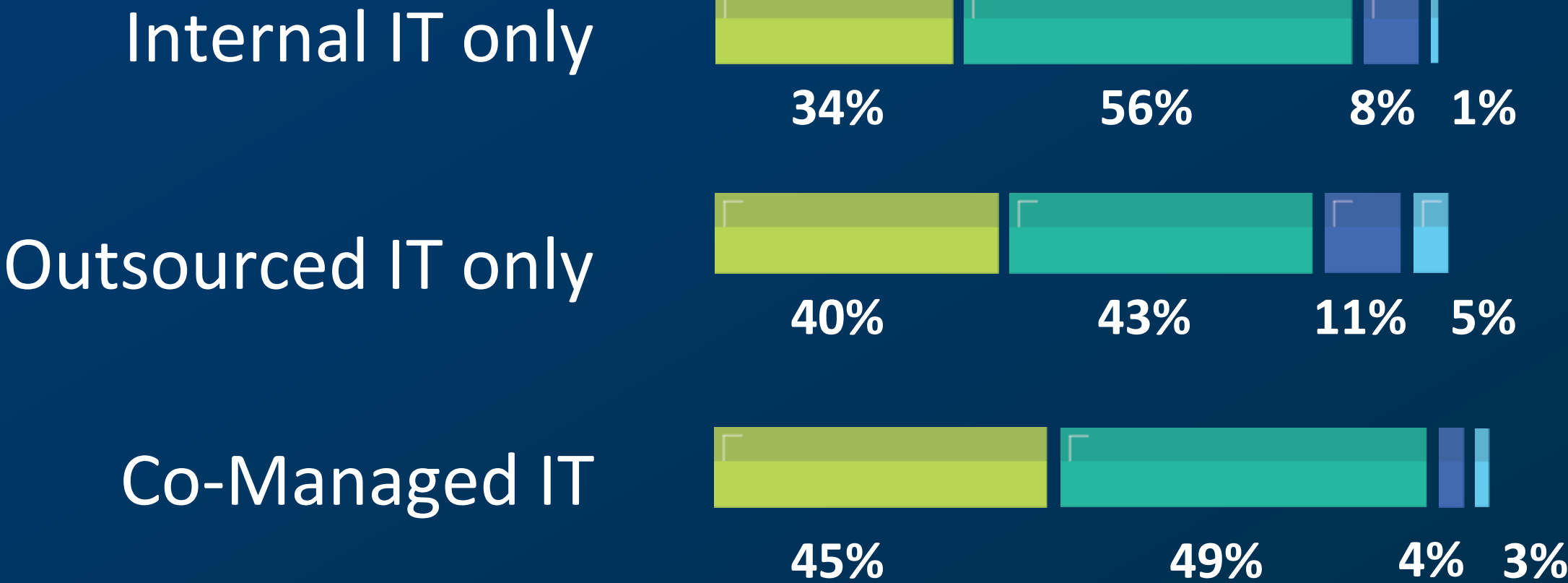
■ Completely satisfied ■ Somewhat satisfied ■ Neither satisfied nor dissatisfied ■ Somewhat dissatisfied
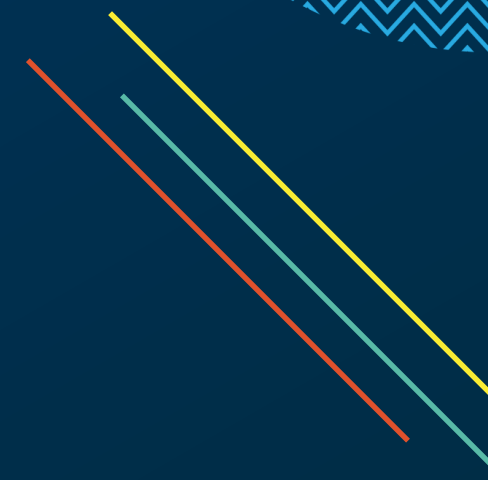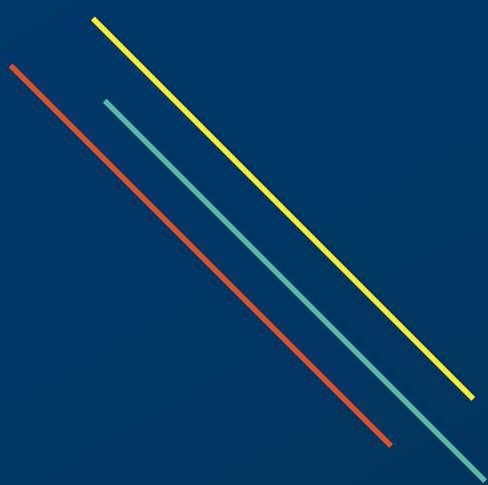
NPS Score
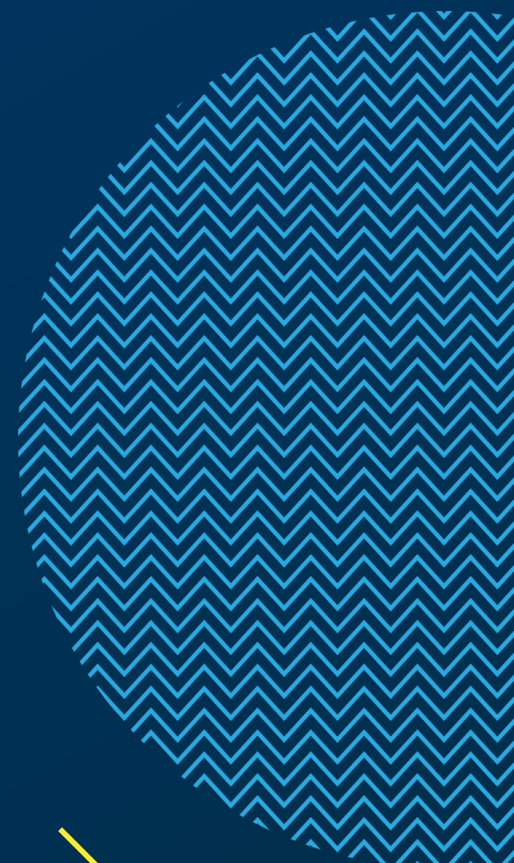
Healthcare	62%
Professional Services	58%
Hospitality (Travel/Restaurants)	53%
Financial Services	46%
Consumer Services	42%
Insurance	42%

IT/Software	41%
Banking	37%
Media	34%
Telecommunications	24%
SMB IT Services	18%
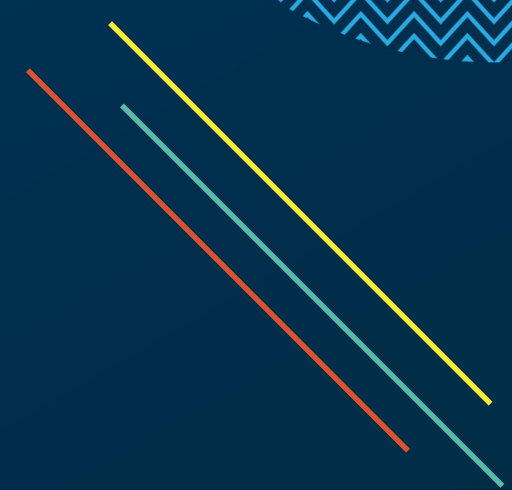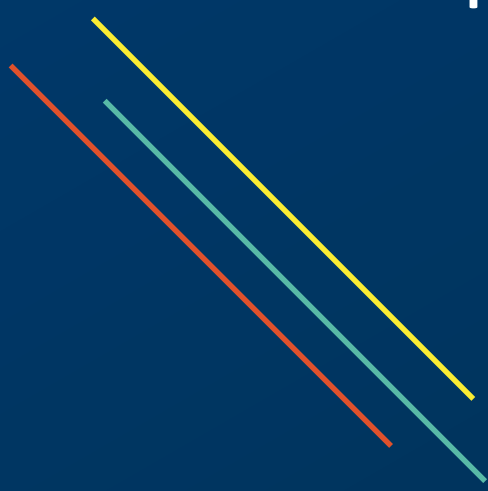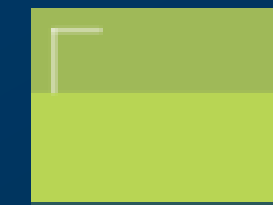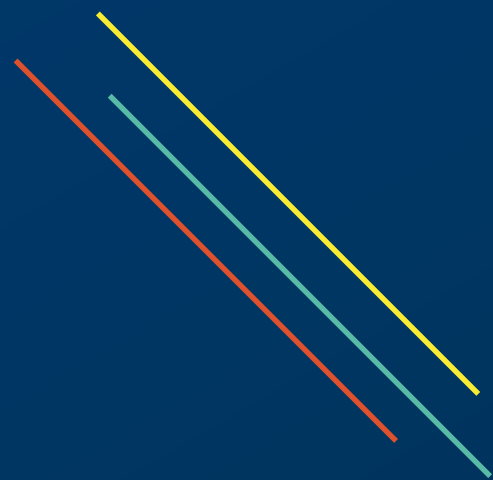
Recommendations are key…

but your clients aren't willing to talk about you

Invest in people
& capabilities

Deliver &
communicate value

Attract & onboard
new clients

Get references
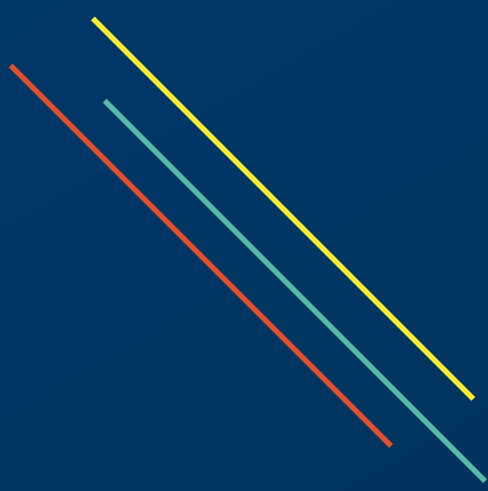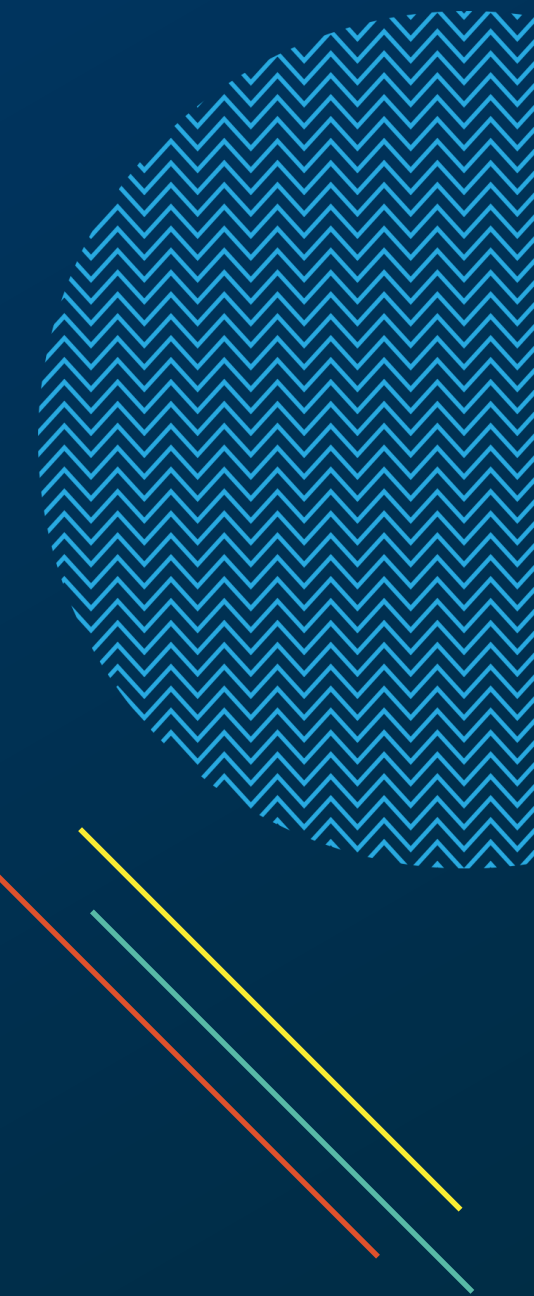& referrals

Invest in people
& capabilities

Deliver &
communicate value

Attract & onboard
new clients

Get references & referrals

- Ask for the reference

- Referral Program

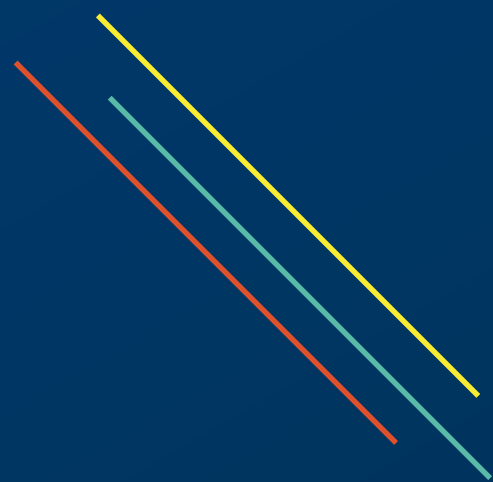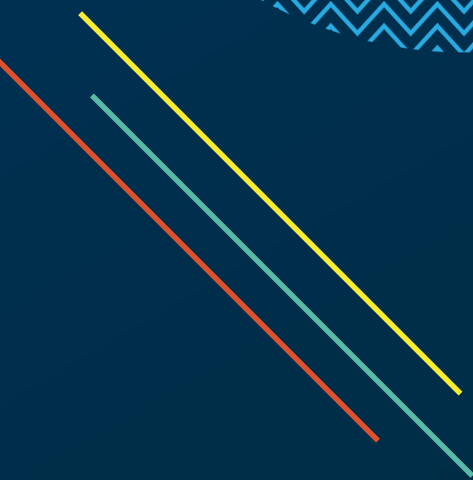- Website

- Case studies

- Asking often leads to action

Invest in people & capabilities

Deliver & communicate value

Attract & onboard new clients

Get references & referrals

- Get the basics right

- Try to work with clients in alignment with you

- Strong onboarding

Invest in people & capabilities

- Add new capabilities

- Specialization is key

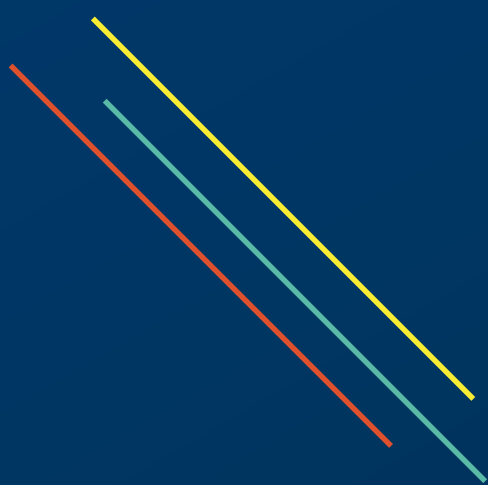Attract & onboard
new clients

Deliver &
communicate value

Get references & referrals

Invest in people & capabilities

Deliver & communicate value
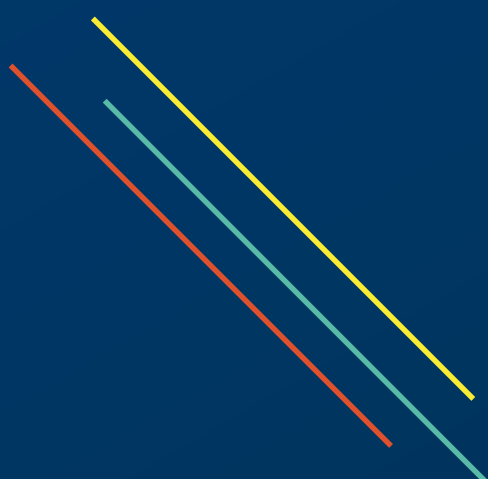
Attract & onboard new clients
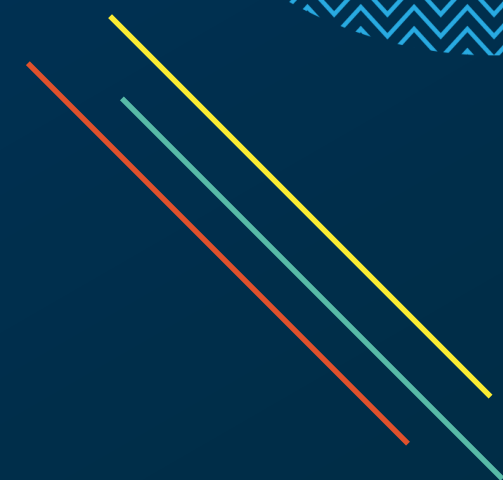
Get references & referrals
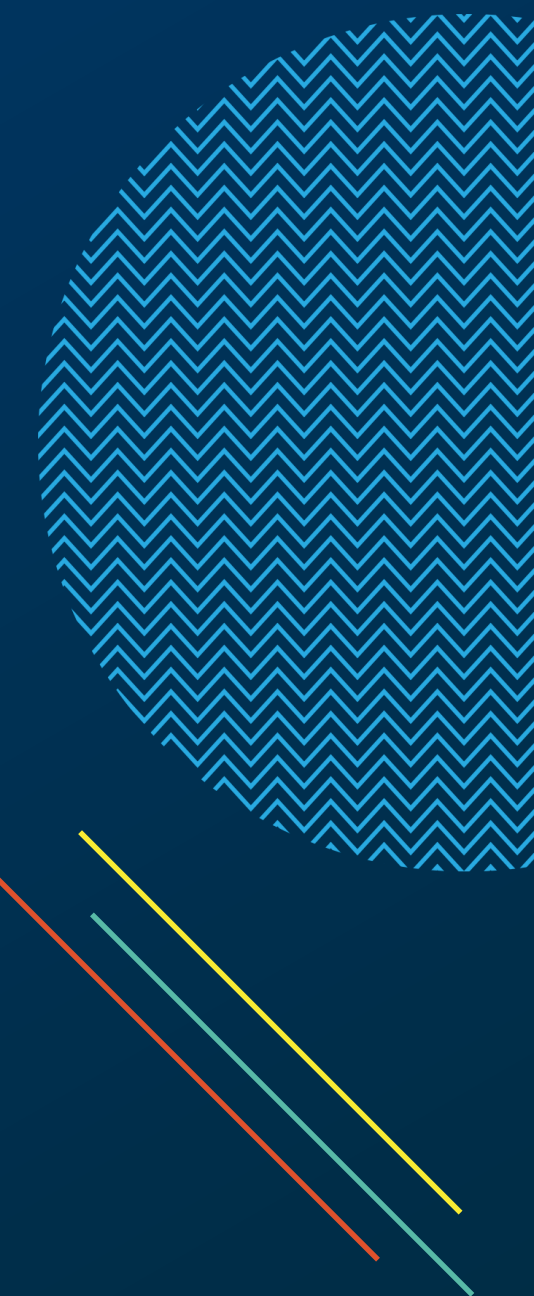
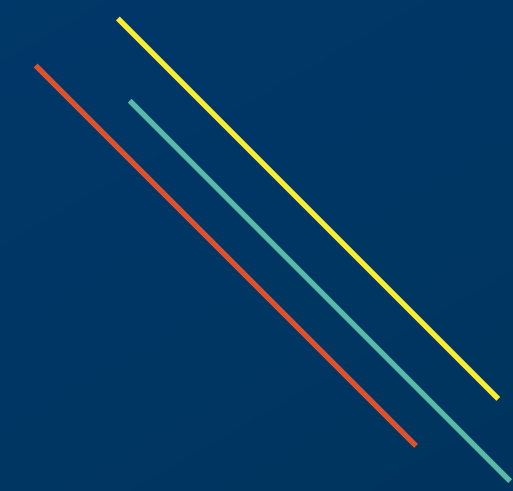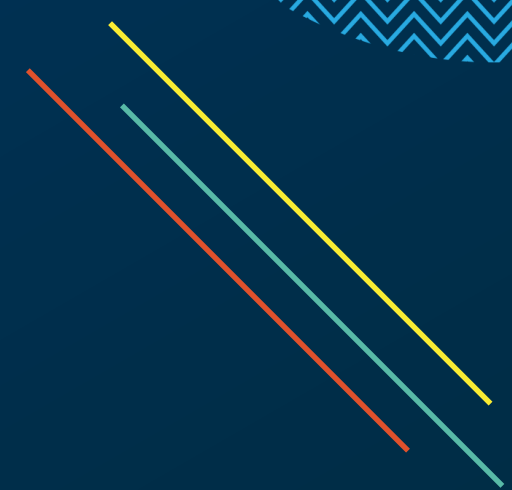Huge Opportunity   Need to Convert Passives
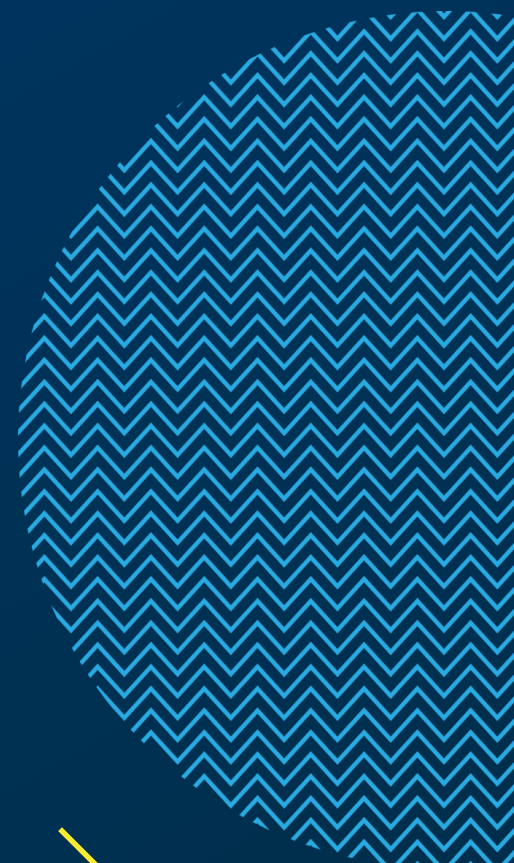
SMBs Like You   Take Your Piece of $100B

Thank You!

mdepalma@datto.com

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1. Tap on Agenda icon

2. Tap on the session you want to rate

3. Rate session on scale of 1 – 7

4. Write a comment (if you want)

5. Hit Submit!

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