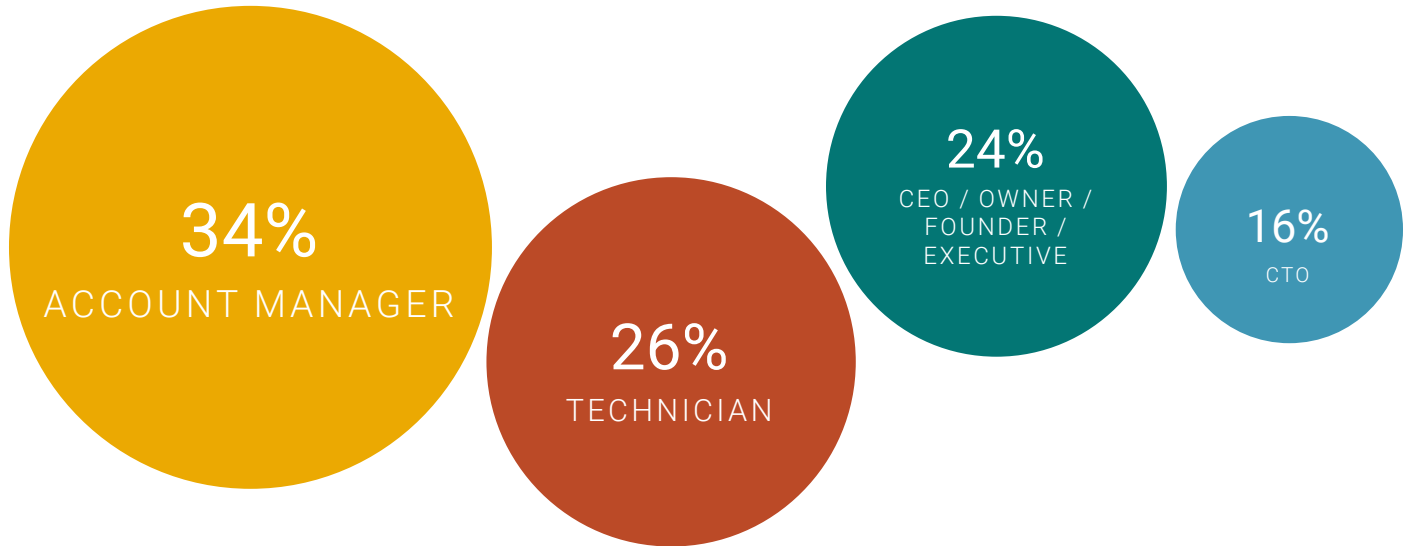# ScalePad

2024 MSP Trends Report

Finding success in an evolving industry
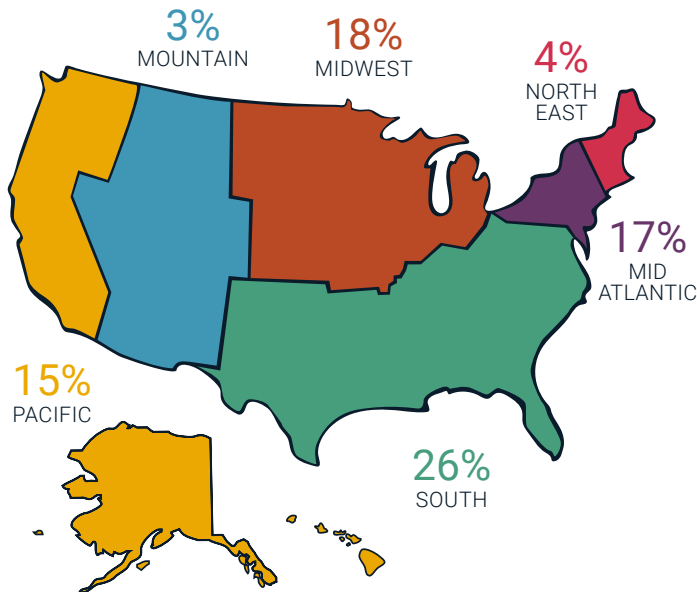
Our Survey Group

More than 500 MSPs executives, techs, account managers and other roles weighed in on the top drivers of growth.

34%
ACCOUNT MANAGER

26%
TECHNICIAN

24%
CEO / OWNER / FOUNDER / EXECUTIVE

16%
CTO

Their Location Heatmap

Most responses came from across the USA, with some in Canada as well.

3% MOUNTAIN

18% MIDWEST

4% NORTH EAST

17% MID ATLANTIC

15% PACIFIC

26% SOUTH

16.3% CANADA

83.7% US

Scale of Business

While most were from larger, 100+ employee enterprises, some responses came from businesses with less than 100 employees.

185 (35%) 100+ ORGS

340 (65%) 100< ORGS
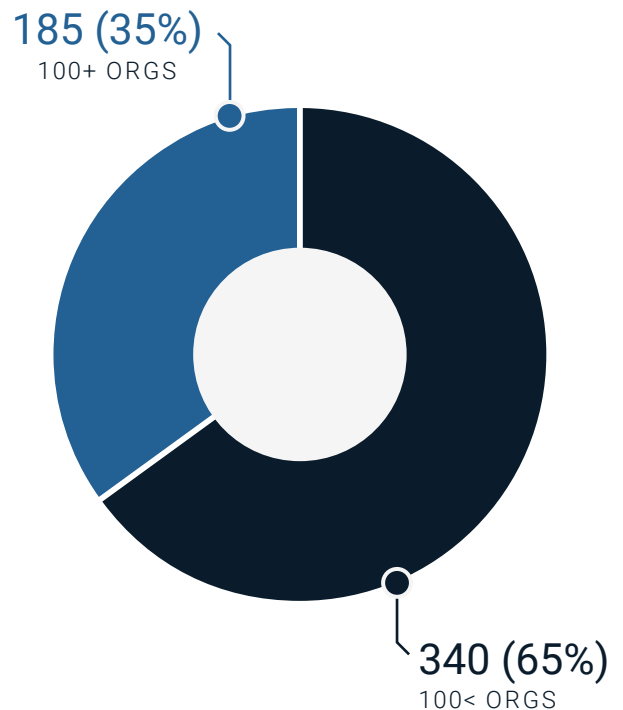
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Continued growth is coming in 2024

As the MSP industry moves into a new year, they'll need to overcome both old and new challenges to find success and growth. That's why ScalePad has returned for the second year to produce our 2024 MSP Trends report.

The goal for this year's report was to find out what the biggest service trends are in the MSP industry and how those trends are predicted to play out in 2024. What types of services have MSPs found success with and where is the industry headed?

Additionally, we wanted to learn more about what factors are impacting MSP business operation and growth. What are their internal and external concerns, and do MSPs have plans to overcome those challenges?

We also took the opportunity to reach out to MSPs directly to get their opinion on the data in the survey and the trends in 2024.

So let's jump into the data and examine the major trends in the MSP industry.
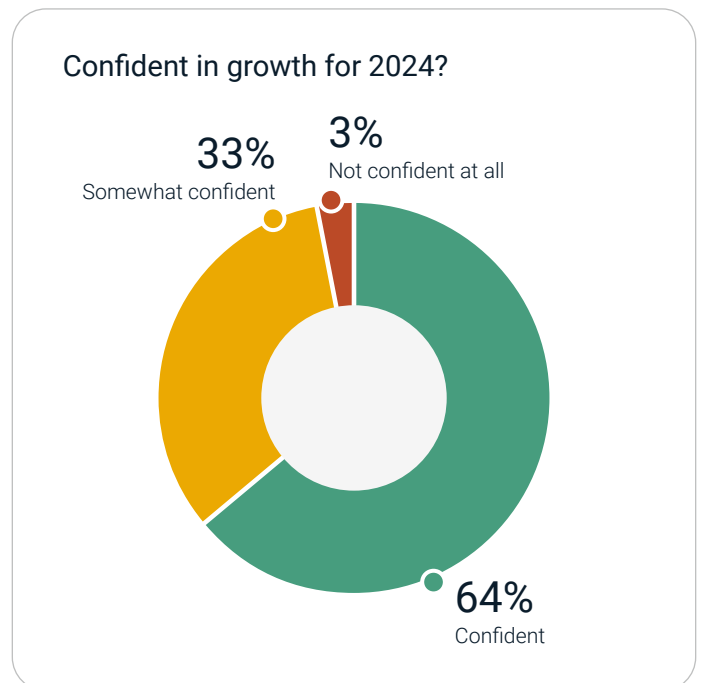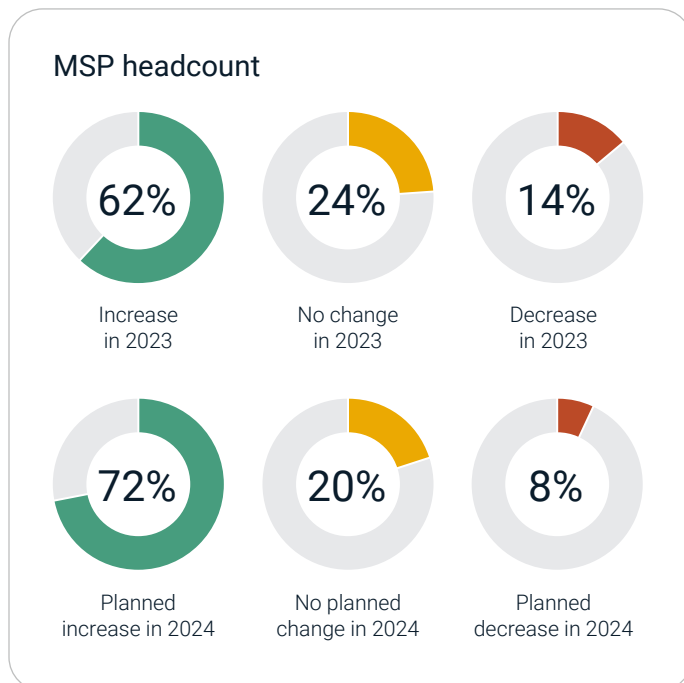
MSPs are confident and the industry is growing

After a tumultuous few years due to the COVID-19 pandemic, the MSP industry is rebounding. Our survey respondents reported a huge increase in hiring during 2023. With even more growth projected for 2024.

As MSPs plan their growth and take on new clients, they need a bigger team to continue delivering high quality service. For many MSPs, strategically planning their

headcount growth has allowed them to make new staff even more effective. MSPs have developed new services, and implemented new automation that lets staff provide more efficient and high quality service to clients.

If 2023 was a year of recovery, 2024 is looking to be a year of big growth across the industry.

MSP headcount

62%
Increase
in 2023

24%
No change
in 2023

14%
Decrease
in 2023

72%
Planned
increase in 2024

20%
No planned
change in 2024

8%
Planned
decrease in 2024

Confident in growth for 2024?

33%
Somewhat confident

3%
Not confident at all

64%
Confident

Retaining good staff and finding success

I think if you run a good IT company, a good MSP, and you're doing leadership and management and you are working on those things and you do good quality work it's less of a concern, in most areas, to retain good staff. There are some areas of the country where things are so competitive and people just chase money.

They're often not the best techs anyway. They're the people who are probably more career minded who literally just generally chase the money. Finding people who are sensible around their career, but also be able to do great technical work and translate and see through the things that come into our desk, and help the client out and actually get the job done.

Yeah, they get a lot of satisfaction from their work, not just financially. That said, find great people, pay them well and get them to do great work.

JAMES RATCLIFF,
MANAGING DIRECTOR, RATCLIFF IT

How employment has changed after COVID

We've had modest growth. We did a very small merger last year, so we added some headcount from that. And then I plan on adding headcount in 2024.

If you had a job during COVID, you wouldn't leave. We saw some changes after that. I think then there was a time where everybody wanted to go somewhere, like everybody wants to change their environment and go work for somewhere else. And that pendulum has swung back.

ANN WESTERHEIM,
FOUNDER AND PRESIDENT, EKARU

Creating a better environment for employees to grow the business

Since pre-COVID, we've pretty much maintained our staff. Growing towards the end part of this year. So we've added on a dedicated [Business Development] resource as well as created a couple new positions.

We moved one of our staff, we moved over into a projects role, and then we created an automation role to help us here. We're backfilling those spots. As far as growing, we're growing strategically in order to be able to build some of those gaps for efficiencies, right? So adding in the automation role will help us really be able to service our customers and our business in the most efficient way that we can, right? Instead of trying to have people do three things at once.

It's not just adding more bodies to technical bodies. It's more being able to grow our business while still servicing our customers in the best way possible.

CARRIE GREENE,
SVP OF OPERATIONS, ALT-TECH

Top Trends in MSP Service

MSPs explain their picks for the top five service trends of 2023 and 2024.

1 Cloud Services

It's clear that for MSPs across the industry, cloud services are the most important foundation to their service offerings.
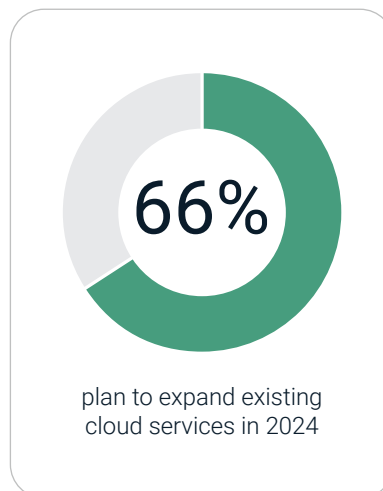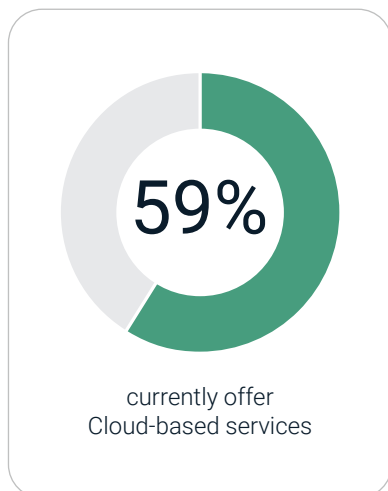
The majority of MSPs in our survey ranked cloud services as the #1 most common service provided in 2023, the #1 service to be offered in 2024, and the #1 service planned for expansion in 2024.

While moving to cloud-based technology has been in the works for years, the COVID pandemic impacts have accelerated the move. In order to support a wider range of clients and services, leveraging cloud-based solutions for the problems clients face have kept MSPs progressing in an otherwise tumultuous few years.

Now that businesses around the world are recovering, the accelerated need for cloud services have made an irreversible impact on the efficiency and flexibility offered to clients.

Cloud services are a foundational element to an MSPs sustained success and potential for growth in 2024.

TOP STATS:

59%
currently offer Cloud-based services

66%
plan to expand existing cloud services in 2024

2ND
Cybersecurity ranked as the second highest priority behind cloud services for these MSPs

Taking responsibility for your clients' data

We've been able to have good conversations with clients about the importance of taking responsibility for your data in a cloud service, both from backing it up, protecting it, and security and detection.

So we think our clients and our operations are reasonably mature or reasonably well ahead on that, and that our clients are already well protected. But talking to others and vendors, I think the vendors see that particularly those sorts of services, like web filtering and backup for Microsoft 365, is a big market for them that is untapped.

… So there's a lot of growth there potentially. Not for us, because we've done it, it's always been baked in. Our growth is probably going to be from net new clients. We're very fortunate. Our clients, we have a very good trusting relationship, two way relationship with them, and they are in very good shape already.

JAMES RATCLIFF,
MANAGING DIRECTOR, RATCLIFF IT

Cloud services don't have to be complicated

In all of our years, pretty much everything's been in the cloud that we do. So our ticketing system, CRM system, etc, has been in the cloud. I would say when you look at different sizes of MSPs, when you get into some of the bigger ones a lot of them are trying to move up-market to midsize companies and then they're getting into business automation, different things like that, processes really helping digitize businesses. Our mission is Main Street, USA, and what we're looking at is more just SharePoint 365 pretty basic stuff.

ANN WESTERHEIM,
FOUNDER AND PRESIDENT, EKARU

Cloud services are changing the role of physical hardware

Cloud will become even bigger than it is now, as people are working more hybrid or remotely. So there's not necessarily all those office spaces anymore. There is no central location to house a server, to house your network. Having to move all of that into the cloud environment just only makes sense in order to be able to diversify the workforce more.

So I think that's going to be a huge part of it. There are no physical locations for a lot of companies anymore. They need to be able to service their staff and their customers. In order to do that, you have to be flexible and put things up in the cloud.

We haven't had on-prem servers in eight years and we are an office based, MSP, right? We all work out of the office. It's just taking away that one more piece of hard infrastructure that you have to really keep up and maintain. It's much easier to maintain within a virtual environment.

CARRIE GREENE,
SVP OF OPERATIONS, ALT-TECH

2 Cyber Security

Cyber security has emerged as one of the biggest trends impacting business success and growth for MSPs. Where cloud services have been a positive force for MSPs, cybersecurity has been a big concern for both MSPs and clients.
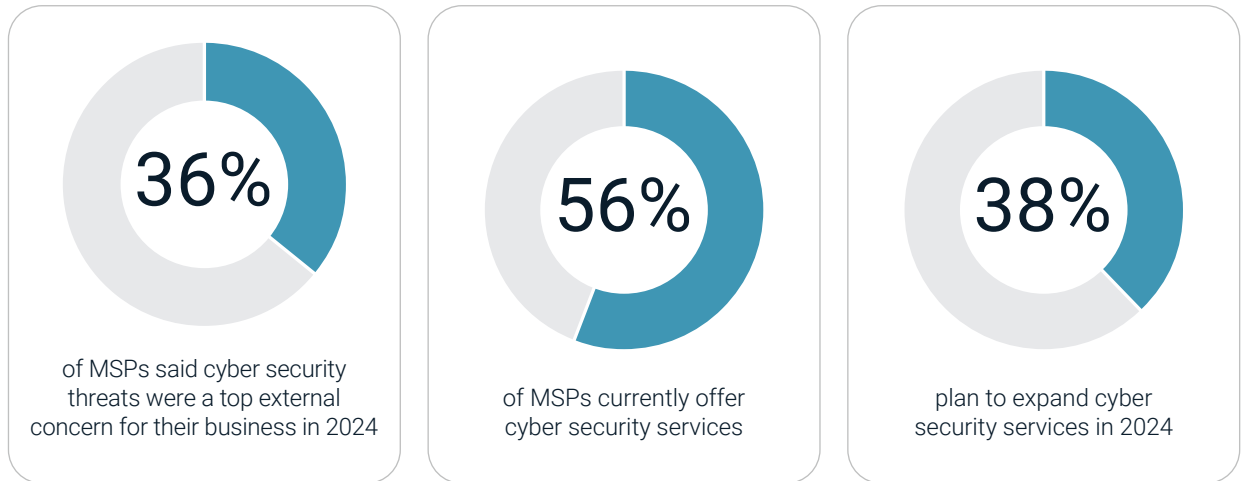
Survey respondents ranked cyber security threats as the #2 biggest concern for their business growth in 2024. Cyber security services ranked as the #2 most important offering for MSPs across both 2023 and 2024.

MSPs are realizing the need to step up their cybersecurity efforts due to the rising threat of cyber attacks. Our survey shows a growing awareness among MSPs about investing in strong defenses to protect against breaches and ransomware. Clients are increasingly prioritizing MSPs with robust cybersecurity measures in place, recognizing the importance of safeguarding their sensitive data.

Besides addressing immediate threats, MSPs focusing on cybersecurity are also better equipped to obtain cyber liability insurance for clients and comply with regulations around data protection. This not only keeps them competitive but also builds trust with clients. Essentially, the survey results emphasize that cybersecurity isn't just a technical requirement but a key factor for MSPs aiming for long-term success in a digitally driven and competitive landscape.

MSPs can drastically improve a client's cyber security by helping them achieve compliance with frameworks like SOC 2. Get ahead of the competition by learning how ControlMap can help you implement compliance to secure your MSP and clients.

TOP STATS:

36%	**56%**	**38%**
of MSPs said cyber security threats were a top external concern for their business in 2024	of MSPs currently offer cyber security services	plan to expand cyber security services in 2024

.ıl ScalePad

MSPs are all getting better at security

I think there's a lot of people still getting to grips with doing cyber security well. We've noticed where we've won clients, that even their cloud systems are not really well provisioned and there's a fair bit of work to get them ship shape.

That sort of tells us that, despite where the industry and the vendors are, at ground level people are not actually getting into this stuff in Microsoft 365 and other tenants.

So as incidents invariably happen, people are going to start sharpening pencils and brushing up on their practices… Slowly they'll get better at it. Even the less good MSPs will lift up, I'm sure, in time.

JAMES RATCLIFF,
MANAGING DIRECTOR, RATCLIFF IT

Small organizations need to get protections in place

Smaller organizations need to get protections in place and the good news is technology is advanced to a point where you can get great protection on a small business budget. So that's really cool. The other thing is configurations as people move to the cloud, particularly the whole work from anywhere thing. It's a disaster from a security perspective.

That's another area where I think that small businesses need more cyber protections. They need the whole gamut. They should have an incident response plan, right? It could be very simple, but because there's so much need there some of it is maybe needs that businesses aren't really fully aware of.

I think that translates to an opportunity to help a lot more businesses.

ANN WESTERHEIM,
FOUNDER AND PRESIDENT, EKARU

Cyber security education is a priority

Education has to be first. And it's not just putting people through cyber security training. It's also the education on why. It's so easy for us to say you need to do this, but why? What am I covering? How is that going to better my business? What is my ROI on that? What is that protecting?

It's a matter of educating and understanding. If you have those liability waivers saying 'Oh they declined this service. I'm just going to cross that off the list and, well, it's on them."

Really, it's not anymore. You've still got that liability on yourself. So as an MSP, that's where we need to stop and think about are we in alignment of our values. Do I want to take on that risk because they chose to not understand? Or are we not doing a good enough job educating why that's important? Yes, it's going to be pain up front to implement the MFA or the SSO or any of those kind of things. But what is the long term benefit? And how is that going to help them? I think education is probably one of the bigger pieces.

CARRIE GREENE,
SVP OF OPERATIONS, ALT-TECH

3 Backups

While many MSP have backup solutions, managing those backups effectively is an area of growth they are looking to improve in.

Our survey highlights the crucial role of Backup Management beyond just offering backup solutions. MSPs recognizing the growing need for reliable data protection are incorporating it as a key service.

Backup management is seen as taking the foundational service of backups and dedicating more time and resources into efficient management, restoration checks, and health monitoring.

Client data security and access is a vital factor in running a successful business, so it's no surprise that effectively managing backups is so impactful to the operation of MSPs.
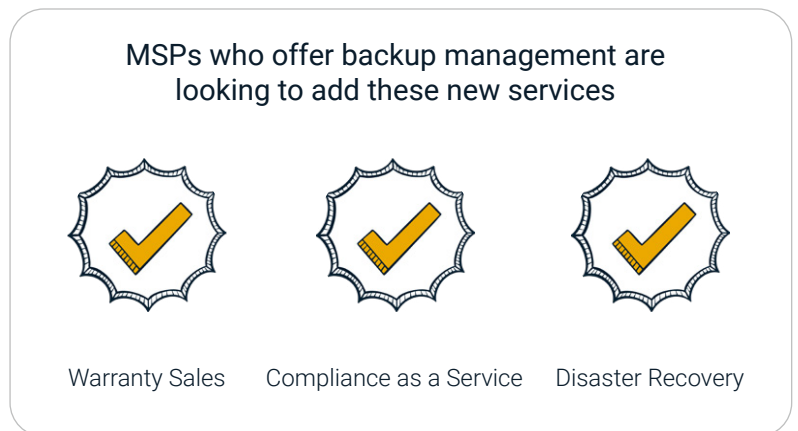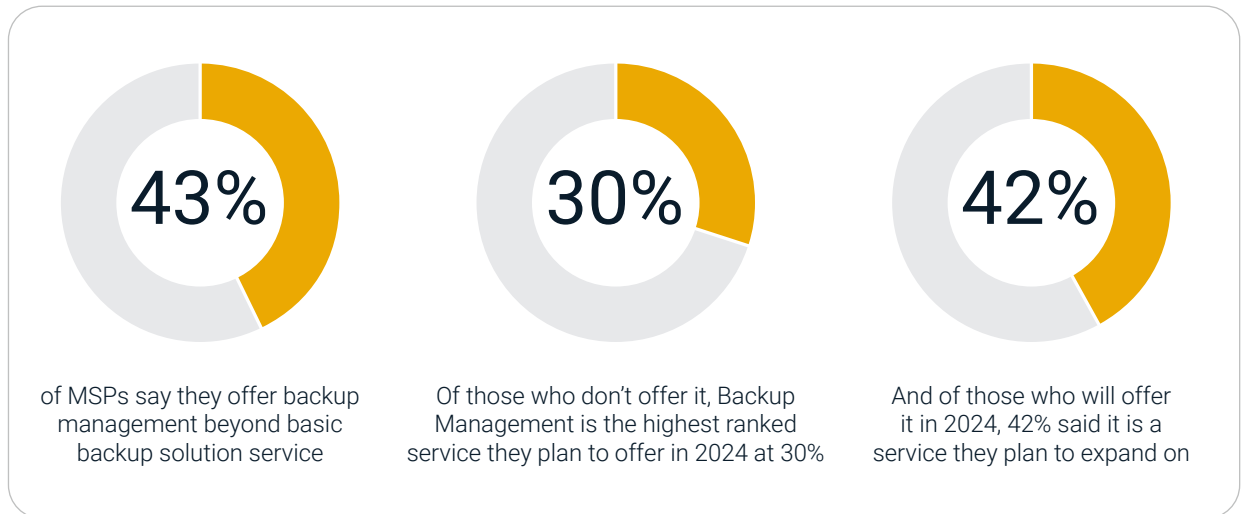
The survey indicates a rising demand from clients for MSPs offering robust backup monitoring. Businesses understand the importance of safeguarding data against potential losses and system failures, making backup service a critical factor in MSP selection.

MSPs specializing in backup management not only meet client demands but also align with compliance standards. This focus can improve an MSPs competitive value and also builds trust with existing clients.

Those prioritizing this service are well-placed to address client needs, build trust, and succeed in the competitive MSP landscape.

To get an inside look of how MSPs are managing their backups, learn more about Backup Radar and secure your clients' data for good.

TOP STATS:

43%
of MSPs say they offer backup management beyond basic backup solution service

30%
Of those who don't offer it, Backup Management is the highest ranked service they plan to offer in 2024 at 30%

42%
And of those who will offer it in 2024, 42% said it is a service they plan to expand on

#1
service to add for MSPs who don't offer backup management

MSPs who offer backup management are looking to add these new services

Warranty Sales   Compliance as a Service   Disaster Recovery

.ı:ScalePad

If you are serious about data, you need to protect backups

Backup management is the basics, is the fundamentals. You have to manage backups. They need to be checked, tested and so on.

If you're serious about your data, it's your data, your risk, your problem, you have to back it up. You have to manage the backups. It should be as integrated as possible. It should be seamless and integrated at all the stakeholders, everyone who's responsible, both the business whose data it is and those who are responsible for protecting it and able to restore when needed have to be on absolutely the same page and again, confident we've got it.

JAMES RATCLIFF,
MANAGING DIRECTOR, RATCLIFF IT

Backups can save your MSP and clients in a crisis

If all else fails that's what's going to save you is your backup and nobody wants to be on the other end of the phone call when somebody calls to maybe it's just recovering some files and they're not there.

I would say it's also a lot of work to manage backups. There are so many different scenarios. You can have a scenario where your backup, it's running but your backup set has changed. It's running perfectly, it's not giving any errors, but it's not backing up anything.

So to actually manage backups is a lot of work. I don't see how you cannot manage backup. If you're going to take phone calls to help 'Hey, I need this file back,' you better make sure you can get it.

ANN WESTERHEIM,
FOUNDER AND PRESIDENT, EKARU

You need to test and verify backups regularly

What keeps me up at night, aside from cyber security, backups. Let's take this back. You have a cyber event and you've lost your data, how are you going to get that back? Where's your reputational risk? So it all ties together, but I could not imagine not offering backups.

How many MSPs though are checking those backups? It's not enough just to say you're offering backups. Are you actually checking those backups? Are you verifying the data? Are you pulling and restoring to do those tests? And are you showing that to your customers?

CARRIE GREENE,
SVP OF OPERATIONS, ALT-TECH

4

Network Management

Network Management joined the top ranks of important services for MSPs across the board in both 2023 and 2024.

The survey findings highlight a growing awareness among MSPs about the importance of providing robust network management solutions. Because almost every client is now tied to the network, proper management and service is more important than ever.

As cyber security threats continue, MSPs with a focus on network management show clients that they are committed to proactively addressing vulnerabilities and ensuring the integrity of digital communication channels.

Network Management is not just an optional service but a fundamental offering for MSPs.

TOP STATS:

#3

Network management is the #3 most popular service of 2023

56%
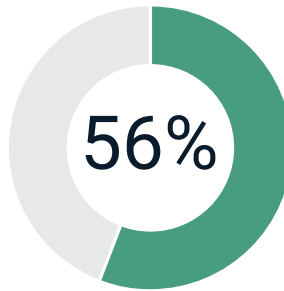
with 56% of MSPs saying they currently offer it

50%

Of those who offer network management, 50% plan to expand the service in 2024

MSPs who offer network management are looking to add these new services

Strategic Planning

Disaster Recovery

Compliance as a Service

.:ScalePad

The network affects the operation of the entire business

I know there's a lot of still servers out there running one way or another that people do use, but is it running, is it doing what it should and is it fast enough?

And that was the limiting factor, the network was mainly internal. It was web browsing and some emails. Now all the applications, everything, and all email, and all the security vectors are all on the network, all through the local and the WAN. Now if something's slow, it's my internet's slow.

So if that's slow, it's a huge impact, more than it used to be, because you can't do anything. So managing the network is obviously more critical and it's more visible. People have now got used to the fact that, yes, they're going to need to have highly manageable, highly reliable networks, but more importantly, [networks] that you and your clients are confident in.

JAMES RATCLIFF,
MANAGING DIRECTOR, RATCLIFF IT

Network management also impacts cyber security

You need to know what's on your network. So if you get back to the NIST cybersecurity framework, identify, protect, detect, respond, recover. You need some sort of network management to actually even know what's on your network. I'd say the additional piece of that is if something happens and you need to troubleshoot, you need to have data, otherwise you're walking around with a clipboard trying to figure out what's going on.

You really need to see it more logically presented. Maybe you have to troubleshoot phones, avoid phone issues, you want to have some capability to analyze the network for that. So I think as more stuff runs over the network becomes more important to businesses.

It's more that we can offer.

ANN WESTERHEIM,
FOUNDER AND PRESIDENT, EKARU

5

Project Management

Project management has proven to be one of the key differentiating factors for successful MSPs. Being able to go beyond the technical service and manage the execution and communication of larger projects and goals has a substantial positive impact on the client experience.

The survey responses reveal a growing recognition of the importance of providing effective project management solutions. In an industry where successful project execution is essential for business growth, MSPs that take project management seriously are seeing improved employee performance and improved results for clients.

Project management also lets an MSP staff develop their skills and position in the business, offering opportunities for growth and improving employee retention. The impacts of a positive internal company culture reflect in the end result for clients.

If your MSP needs a better look at their business data to properly manage and plan projects, you can learn more about ScalePad's Cognition360. Find out more about how Cognition360 gives you insight into your business here.
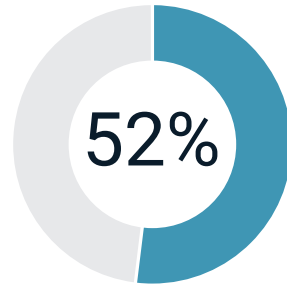
TOP STATS:

#5

Project Management ranked as the 5th most popular service in 2023 with 39% of respondents saying the service has been a focus for them.

52%
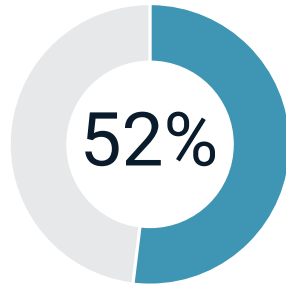
Of MSPs that focus on project management, 52% plan to expand in 2024.

52%

52% of those respondents plan to expand cloud services as well

MSPs who offer backup management are looking to add these new services

Warranty Sales

Strategic Planning

Compliance as a Service

.ScalePad

Creating a path for staff development

Projects for both upgrades, implementing new systems, improving people's businesses and taking that step forward, and cycling out legacy systems and devices and so on, is super important to all MSPs and their clients.

People like to do that work. It's a fantastic progression for staff, to improve their skills and position. It's interesting work. Most engineers love to get involved and actually where we do it is we'll have as many people involved in the project delivery as they can. But having a solid project management methodology, again, is a key differentiator.

…And I think the fact that people are recognizing that project management is a valuable part of projects, not just the technical, and that it can be resourced and improved and innovated is overall a good thing.

So if MSPs are able to understand the value and build in the value to their projects, and their clients are willing to do that. I think it's a win that the businesses will get a better, smoother project with the right outcomes.

JAMES RATCLIFF,
MANAGING DIRECTOR, RATCLIFF IT

Good project management keeps employees satisfied

Actually being able to get stuff done because project management helps you keep stuff on track. I think it also helps a lot with communications, so everybody can know where they're at. There's a plan. You can communicate progress against the plan.

And I think also from employee satisfaction, some folks have very great organizational skills, some people don't. People who don't have good organizational skills run the risk of being really overwhelmed and feeling 'Oh, I can't get anything done.' Nothing gets done. It makes them frustrated.

I've been thinking a lot from the employee side, when once they feel overwhelmed it really turns negative. We have to have a level of efficiency and you can't just be inefficient and hire three more people. It doesn't work like that. So [project management] actually has grown on my own list.

ANN WESTERHEIM,
FOUNDER AND
PRESIDENT, EKARU

Dedicated project planning improves efficiency across the board

We've spun out a professional services kind of wing to take on those projects because we're finding that it's no longer just projects within our managed clients.

So having those dedicated resources now to pull, they can still pull the technical resources they need from the rest of our organization, but it allows them to do proper scopes of work. It allows us to capture the revenue correctly, the hours, right? It's not just an add on. And it's allowed us to capture a lot of the out of scope work that we were doing before. For essentially free. So now we're actually able to capture that and report on that and it's been hugely beneficial to us.

CARRIE GREENE,
SVP OF OPERATIONS, ALT-TECH

Concerns and opportunities for MSPs

MSPs share their opinions on the challenges facing the industry in 2024
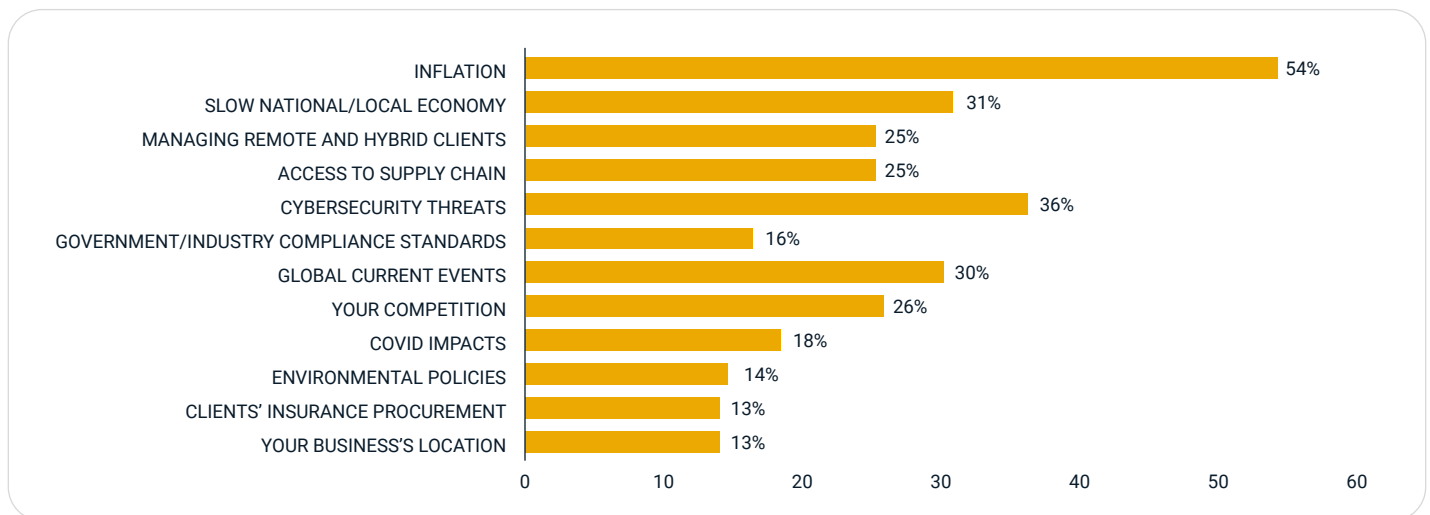
Inflation is the top external concern

In almost every type of filter we applied to the survey data, Inflation was the #1 external concern for MSP success and growth in 2024.

Out of all respondents, 54% said it was their top concern. There was a sizable gap between the first and second place

spots on the list. The second highest external factor MSPs were worried about was cybersecurity threats at only 36%.

Following in third place were National/Local economics, a factor closely tied to inflation.

Concern	Percentage
INFLATION	54%
SLOW NATIONAL/LOCAL ECONOMY	31%
MANAGING REMOTE AND HYBRID CLIENTS	25%
ACCESS TO SUPPLY CHAIN	25%
CYBERSECURITY THREATS	36%
GOVERNMENT/INDUSTRY COMPLIANCE STANDARDS	16%
GLOBAL CURRENT EVENTS	30%
YOUR COMPETITION	26%
COVID IMPACTS	18%
ENVIRONMENTAL POLICIES	14%
CLIENTS' INSURANCE PROCUREMENT	13%
YOUR BUSINESS'S LOCATION	13%

How inflation impacts spending power

Inflation is a tough one because you've got your customers who perceive all other prices are going up and they're going to have less, I think less tolerance.

Maybe they're going to feel like they have less spending power because other prices have gone up, which is going to impact our ability to sell. You have employees who are dealing with gas being more expensive. Everything's more expensive. So they have expectations of increasing salary. Can you increase your prices when people already feel stretched thin enough to cover the increasing expectations of your employees? It does make for a tricky equation.
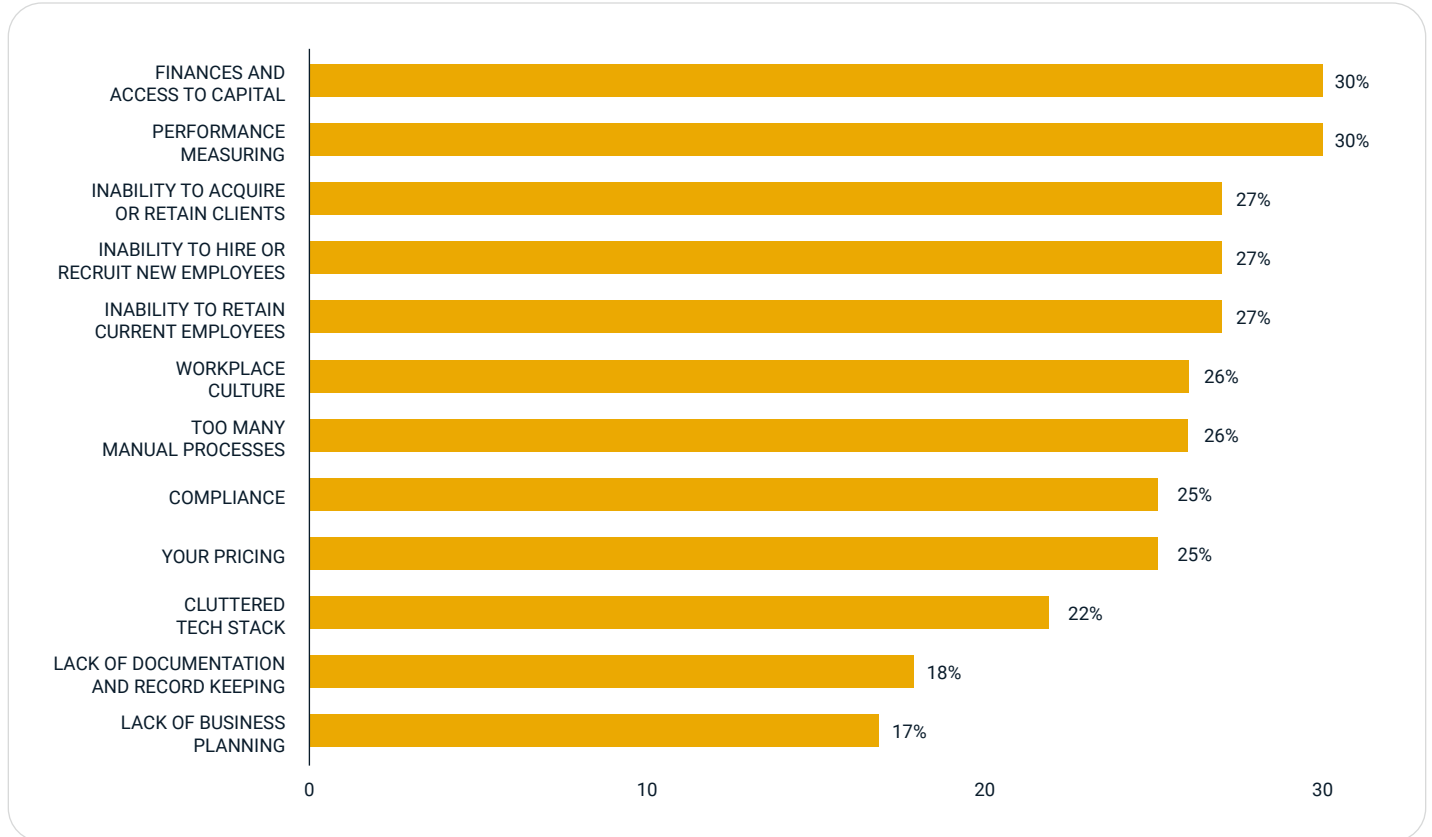
ANN WESTERHEIM,
FOUNDER AND PRESIDENT, EKARU

Ekaru

Finances and performance are the top internal concern

In a tie for the top internal concern, both finances and performance measuring came in at 30.15% of respondents.

Following closely behind in third and fourth were the "inability to acquire or retain clients" and the "inability to hire or recruit new employees" at 27%.

Category	Percentage
FINANCES AND ACCESS TO CAPITAL	30%
PERFORMANCE MEASURING	30%
INABILITY TO ACQUIRE OR RETAIN CLIENTS	27%
INABILITY TO HIRE OR RECRUIT NEW EMPLOYEES	27%
INABILITY TO RETAIN CURRENT EMPLOYEES	27%
WORKPLACE CULTURE	26%
TOO MANY MANUAL PROCESSES	26%
COMPLIANCE	25%
YOUR PRICING	25%
CLUTTERED TECH STACK	22%
LACK OF DOCUMENTATION AND RECORD KEEPING	18%
LACK OF BUSINESS PLANNING	17%

Managing finances to keep your MSP operational and retain employees

Your finances are always going to be your number one, I would think, because they're what drive everything. The finances are what you have to make your decisions based off of because those are the cold hard facts, right?

If I don't have enough money to pay people, I can't keep people. So if I don't have enough customers I'm not going to have enough money. I'm not going to be able to make payroll. Our number one is always to make payroll. The rest of it's gravy after that.

It ties a little bit into employee retention and the concern there is the inability to keep employees or find employees because if you don't have that performance in place, you don't have a baseline. How do you know where people are at and what they're thinking and how you can better them or what challenges they face?

CARRIE GREENE,
SVP OF OPERATIONS, ALT-TECH
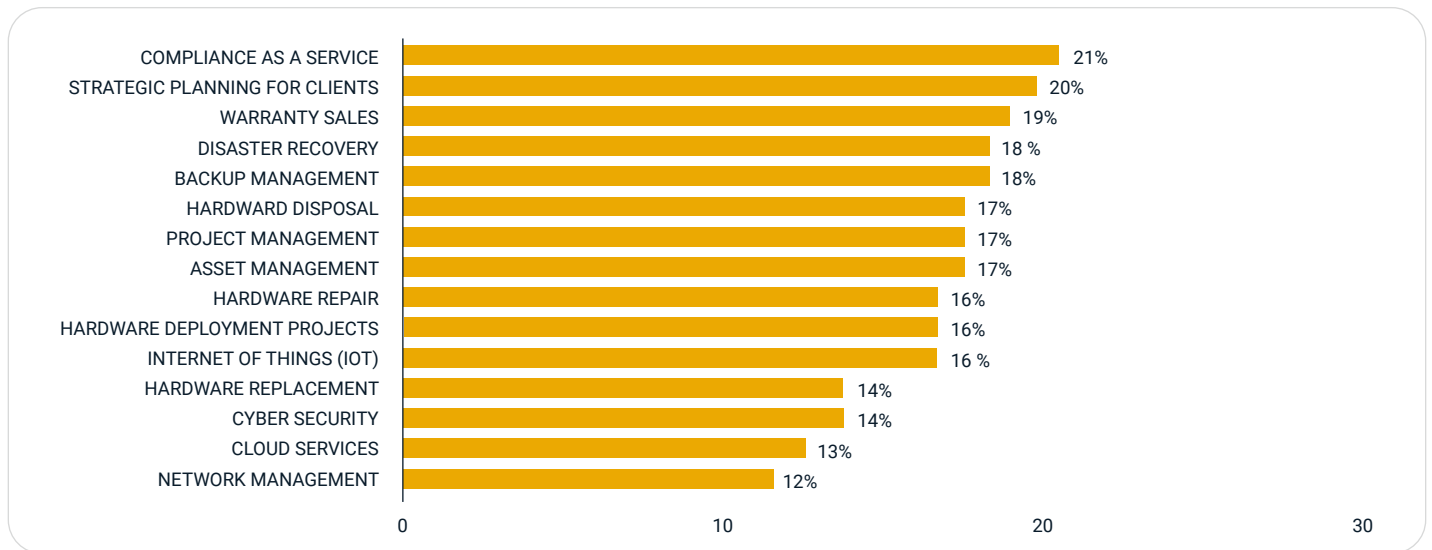
ALT-TECH
INC
CYBER SECURITY AND IT MANAGEMENT

Compliance is the most sought after service for 2024

When asked about services MSPs don't currently offer but plan to in 2024, the #1 response was Compliance as a Service with 20.89%.

The data shows that MSPs are looking into a wide range of services, with none standing out strongly above the rest. Compliance was the top response at 20%, but the lowest response was network management with 12%.

Compliance with various industry and government regulations has become more important to MSPs, and its growth is looking to continue in 2024.

Need to get up to speed with compliance frameworks, like SOC 2, in your business? See how you can use ControlMap in your MSP to help your clients meet their compliance needs.

Service	Percentage
COMPLIANCE AS A SERVICE	21%
STRATEGIC PLANNING FOR CLIENTS	20%
WARRANTY SALES	19%
DISASTER RECOVERY	18 %
BACKUP MANAGEMENT	18%
HARDWARD DISPOSAL	17%
PROJECT MANAGEMENT	17%
ASSET MANAGEMENT	17%
HARDWARE REPAIR	16%
HARDWARE DEPLOYMENT PROJECTS	16%
INTERNET OF THINGS (IOT)	16 %
HARDWARE REPLACEMENT	14%
CYBER SECURITY	14%
CLOUD SERVICES	13%
NETWORK MANAGEMENT	12%

Awareness and desire for compliance service is increasing

What we're seeing is businesses who might be well run, but didn't give thought to that kind of thing are now getting queries or pressure from investors or business partners or industry where compliance, either to a framework or just an expected set of standards or their requirements, are much more commonplace.

There is a lot of compliance in media, obviously in finance, obviously in medical. But all these industries in their own right are realizing that the fight against cybersecurity and criminals—It is important to them for their own reputation and profit at the end of the day.

So compliance starts coming in from all the people who own the risk.

JAMES RATCLIFF,
MANAGING DIRECTOR,
RATCLIFF IT

ratcliff
Smarter IT

Small businesses may not take compliance seriously enough

I think many small businesses don't yet take compliance seriously enough. But I think being able to put everything into visuals that are easy for the customer to understand there's a lot of benefit there.

You can more easily present where somebody's at. Probably a really big thing that most small businesses are lacking is documentation. They may do the right things, but they haven't documented, so technically they're not compliant. So some help there to put that together. I think that's useful.

ANN WESTERHEIM,
FOUNDER AND
PRESIDENT, EKARU

Ekaru

# Strategic business planning is becoming more long-term

MSP confidence is stronger than ever and, according to our MSP respondents, a big part of that confidence comes from solid planning.

Business planning is how MSPs go from a simple Break-Fix operation to a true Managed Service Provider. Even established MSPs have found great success in taking planning seriously both internally and externally with clients.

Of everyone who completed the survey, 88% have at least six months of strategic plans outlining their business plan. With 20% planning for multiple years in advance, long term planning is becoming more critical for growth.

Of course, MSPs may not stick to that same plan for years, but identifying goals and a direction for your company will go a long way to improve the decision making process.

Of those who said they were not confident in their MSP's ability to grow in 2024, 30% said they had no strategic plan whatsoever. This can be a major factor in how MSPs run their business and plan for a future of growth. When you aren't planning, you don't know what's coming and will have a harder time adapting to new challenges as they arise.

11%	35%	33%	21%
No strategic plan	Plan for 6 months in advance	Plan for 1 year in advance	Plan for several years in advance
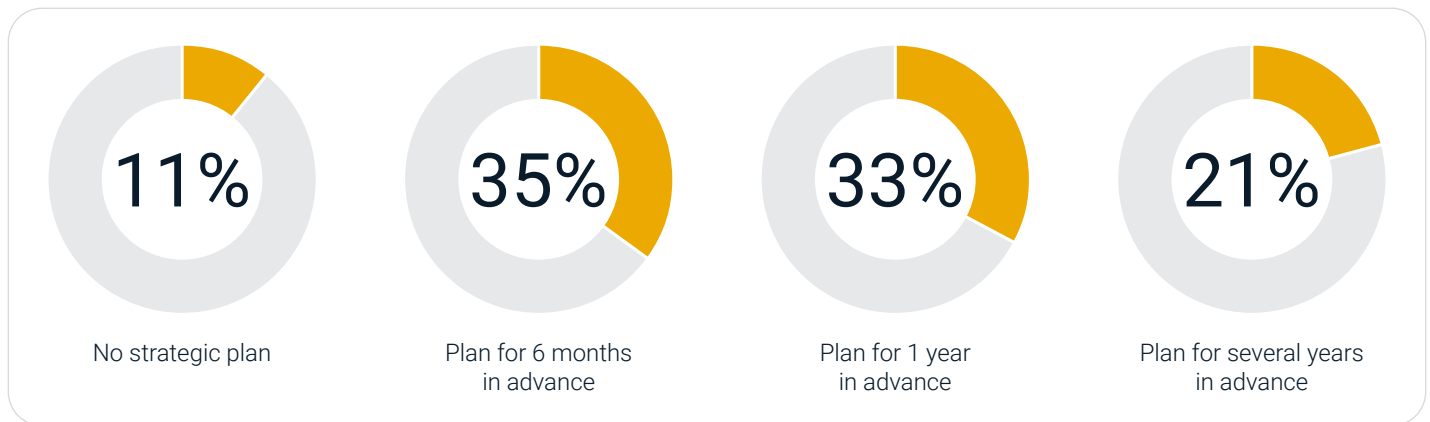
Planning is one of the essential elements of IT

"

I don't think you can run a business well without one. Planning is one of our mantras. No one wants to say, "Oh, we've got to buy a new server tomorrow, it's a huge project because the last one just died."

That philosophy of where are you going and how do we get the business plan and the IT plan aligned so that IT and security are not going to either affect your ability to succeed, they're not going to cause issues or wrinkles, or that actually it's going to be a huge expense for what the business needs to do.

I think, again, back to client success and the relationship with your clients, it should be, where are you going? How do we help you? That is strategic planning.

It's, do you know where you're going? How are you going to get there? And let's not overcomplicate it. Have a plan and have the bits of the plan make sense with milestones along the way. So we think it's absolutely integral, from investment and standardization, unless you're just going to do ad hoc and get in a mess.

That never works in the long term because it's expensive for everybody and frustrating. I think even businesses, not MSPs, like our clients, would lose staff if they didn't do things in a sensible way. So it's a hallmark of doing things well.

JAMES RATCLIFF,
MANAGING DIRECTOR, RATCLIFF IT

ratcliff
Smarter IT

Developing a plan, not a sales pitch

There's a fine line between coming across as, "hey, buy this, buy that." Versus presenting somebody a roadmap and here's where you ought to be for a business your size. Here's how you can get there. You don't have to do everything at once. And so I think that there are better ways of presenting what needs to happen.

ANN WESTERHEIM,
FOUNDER AND PRESIDENT, EKARU

Creating a stable plan based on MSP performance

I would probably agree with those numbers [in the MSP Trends Report]. Nothing there really surprised me.

So we have a pretty set understanding of our plan for the next one year. The problem with us with long term planning is we've always smashed our goals at the window. Now we're more stabilized and we're able to look a little bit more into that future and know where we want to be and direct that way, but we have really focused the last year and moving into this year on operational efficiencies.

CARRIE GREENE,
SVP OF OPERATIONS, ALT-TECH

Mergers and Acquisitions

How do MSPs view the growth and sustainability through the purchase and sale of their businesses?

## Strategic business planning is becoming more long-term

When looking at growth from a long-term perspective, both mergers and acquisitions are big ways that business owners look to manage their path forward. Whether it's bringing in a new business to augment or improve the existing service, or selling the business to be a part of a bigger group, MSP owners are examining their options.

Owners are also planning for their exit from the industry as well, whether its retirement or moving into a new opportunity.

James Ratcliff of Ratcliff IT, said that long term business planning in regards to M&A is important for owners who need to understand how their own career impacts the operations of their business.

Want to get a deeper look into your clients' tech stack and help plan for the future? Lifecycle Manager has the tools you need to manage assets and plan with your clients.
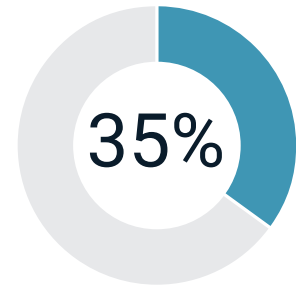
How do MSPs feel about selling their business?
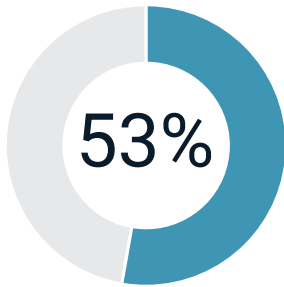
53%
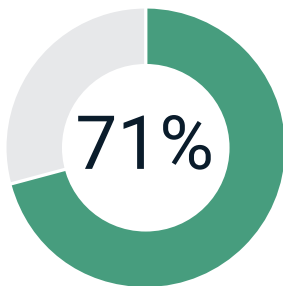of MSPs are open to selling, with only 8% total looking to sell in 2024.
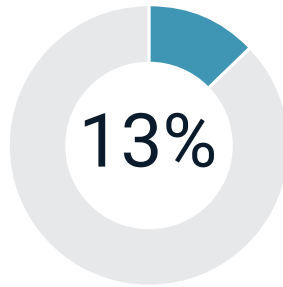
13%
plan to sell in 2025 at the earliest, while 38% have no plans, but are open to the prospect. of a sale.
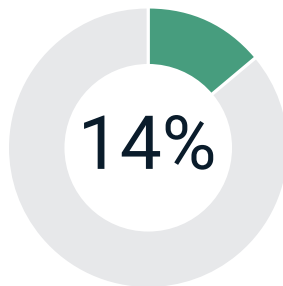
35%
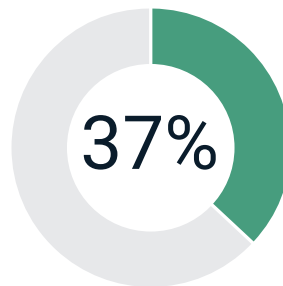never plan to sell, with only the remaining 6% unsure.

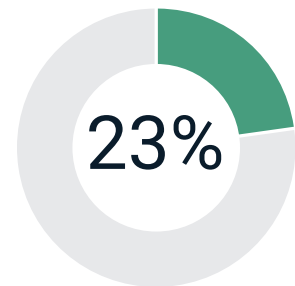### How do MSPs feel about acquiring another business?

71%
of respondents said they are open to acquiring another business.

14%
Only 14% are looking to purchase in 2024, while another 20% said they wouldn't until 2025 at least.

37%
The largest group was the 37% of MSPs who had no plans but were open to the idea.

23%
say they never plan to purchase another business, with the remaining 6% unsure.

Are MSP owners not planning for an exit strategy?

People just aren't. And what that says to me is they haven't really thought about selling. They're actually trying to think about the next three, six, 12 months. You know what? I go a step further and go, they're probably not planning anything.

They're just doing week to week, month to month. They're trying to make money each month, probably. I think a lot of businesses that don't plan. Because how could you have a plan that goes, three years, five years. It's either you sell it or you die in it. That's it.

There's a lot of M&A activity as well because it's seen as a good investment. There's more interest maybe than there used to be.

From what I've seen, a lot of owners run out of energy. They run out of steam. There's this huge wave of cyber security and a huge amount of risk and they feel like that they're not up for that challenge. I think that's definitely part of it. They've been striving for a long time, and it's a whole new level of striving. There's a lot of competition who are coming along or getting better at sales, or there's more regions to switch. If you're not confident in cyber security, you're going to have a conversation with somebody else, because that is a business requirement nowadays.

The reason to buy rather than sell, as an MSP is that organic growth can be quite tricky. There's a lot of risk in doing so and that's going to be your work instead. But you could potentially bolt on a couple of years worth of growth.

There needs to be a difference in gravity that one acquires the other. At the smaller scale that's tricky to find an MSP who's going to do that.

They need to have quite a bit of gravity of their own and maturity and bandwidth to do a good merger or acquisition. And I think a lot of people do that too early, too soon, but there is reasons to buy.

I think the main thing is life can happen. If you haven't got a solid plan of where you're going, it's very hard psychologically to keep your motivation and discipline up for however long that's going to be.

JAMES RATCLIFF,
MANAGING DIRECTOR, RATCLIFF IT

The dangers of not having an exit strategy

They don't have an exit strategy. They don't know what the future holds. While we don't have a set in stone exit strategy, it is definitely a conversation that we have.

And we know what that looks like in the end as to when and how that is going to get there, it's not set in stone. But I think there's a lot that aren't even thinking about that because they're really busy in the day to day. Looking that far in the future is daunting.

CARRIE GREENE,
SVP OF OPERATIONS, ALT-TECH

Summary of Findings

The MSP industry grew in 2023 and shows no signs of slowing down in the next 12 months.

Through our survey data and conversations with MSPs, the industry is showing big growth after the uncertainty of the COVID pandemic. Almost every MSP was pushed to evolve to a higher standard of service and security for their clients.

With more businesses adopting "work from home" policies for their staff, MSPs had to keep up to meet the ever changing needs of clients. In part, this led to the top two trends in MSP service: cloud service and cyber security.

Despite pandemic-era policies so many businesses needed WFH to operate WFH policies introduced more vulnerabilities in a client's security. MSPs found that focusing further on cybersecurity and cloud service was vital to their quality of service.

To maintain their improvement in service quality, other aspects, like backup, network, and project management, proved to be valuable areas to focus on in 2023. MSPs agree that these trends are only going to be more important in 2024.

Tackling these challenges alone is a big task. But if your MSP is taking on that challenge then you need the right tools. Equip yourself with the right ScalePad app or service for the job. Our suite of apps Lifecycle Manager, Lifecycle Insights, Backup Radar, ControlMap and Cognition360, offer MSPs the right tools they need to meet the needs of these important trends outlined in the report.

From Asset Management and Backup Management, to Compliance as a Service, and even QBR, vCIO, and Customer Success, ScalePad has the right tools you need to be equipped for the year ahead.

Click here to view our trends microsite or book a demo

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