

ScalePad

2025

MSP Trends Report



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Introduction

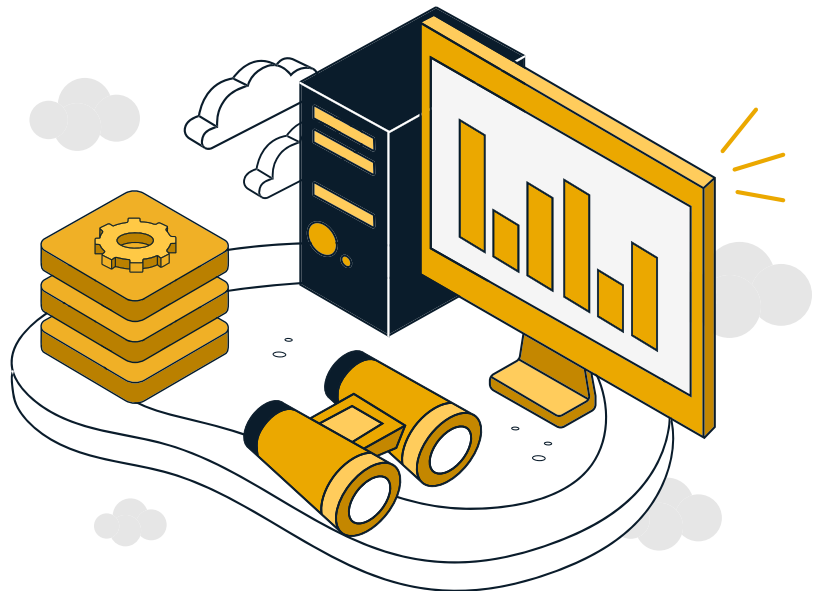
Why better operations is the cure for MSPs' key business challenges

For the past few years, the majority of market reports have indicated that the MSP industry is continuously growing. In spite of the optimistic economic outlook, MSPs have faced more headwinds when it comes to efficiently running their businesses than ever before—from retaining talent and meeting regulatory requirements to managing ballooning tech stacks and combating shrinking client budgets.

To push through these challenges, MSP owners and operators must be more agile and business savvy than ever before. But historically, MSPs tend to focus on improving technical delivery at the expense of maturing other areas of their business—like financial reporting, sales and marketing investments, and streamlining internal operations and project delivery.

While these areas may seem secondary, we here at ScalePad believe that improving internal operations matters as much—if not more—to an MSP's success than the volume of services they offer or the number of systems they're familiar with. That's why this year's annual trends report has been refocused on the 'behind-the-scenes' operational areas MSPs often overlook, including customer success programs, employee engagement, and internal technology usage.

In this report, we explore how top-performing MSPs drive client satisfaction, staff productivity, and, ultimately, revenue by optimizing every aspect of their business for growth and efficiency. We'll also share operational benchmarks by MSP size, the top service trends for 2025, and more internal business insights, so your MSP can handle whatever the year ahead throws your way.

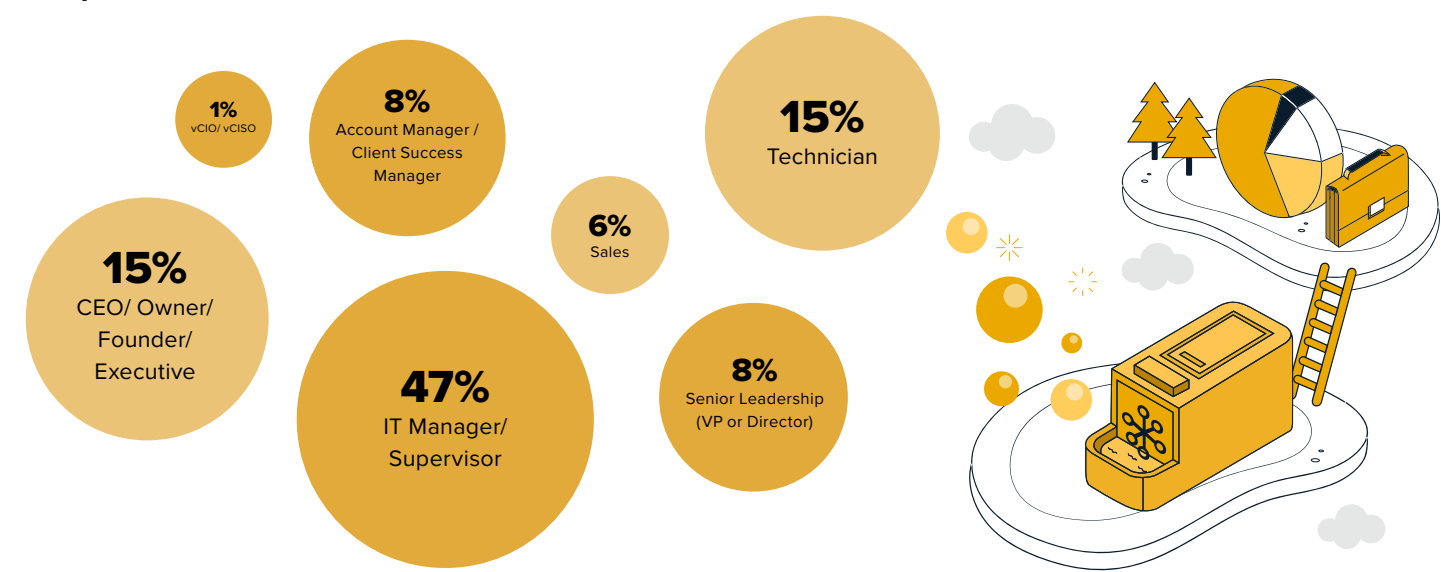


Survey methodology

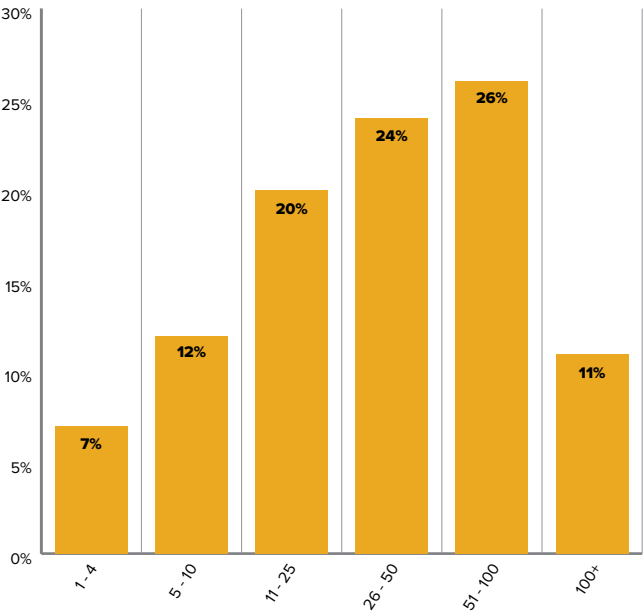
We surveyed 1,300+ people working at MSPs across North America—in a range of roles and company sizes—toward the end of 2024 to inform the insights in this report.

Due to the survey data rounding for the graphs in this report, some datasets may total 99% or 101%.

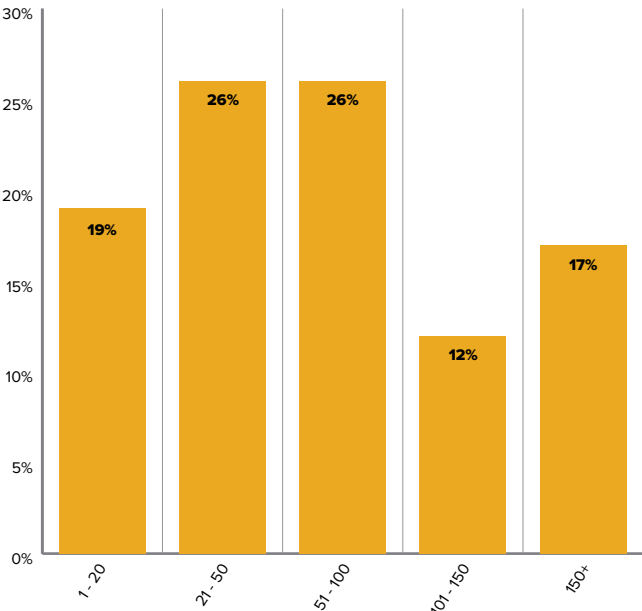
Participant role



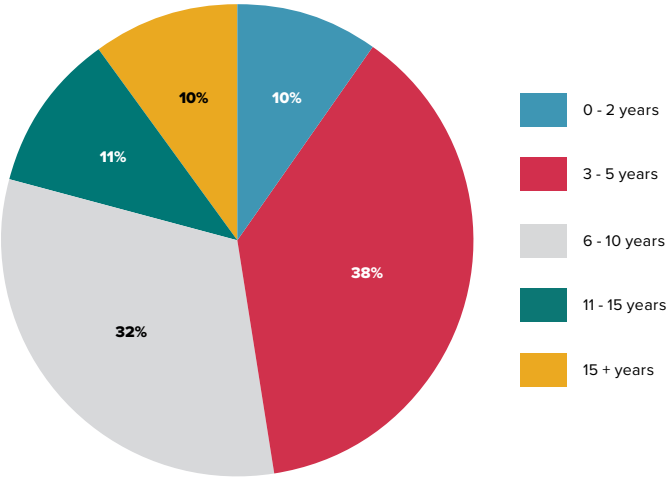
Company size by employees



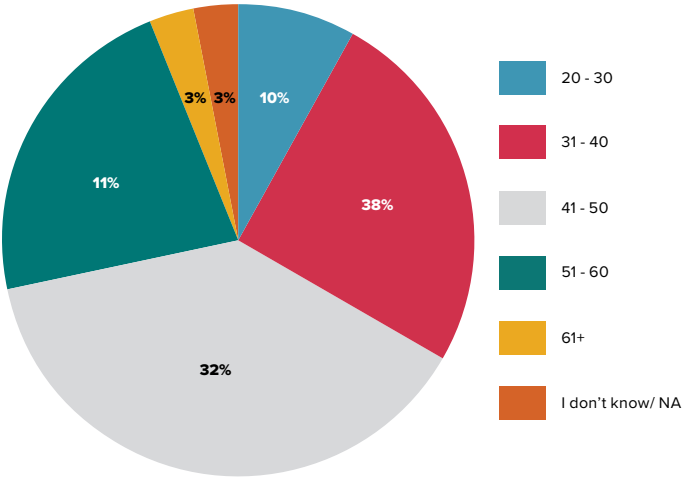
Number of clients served



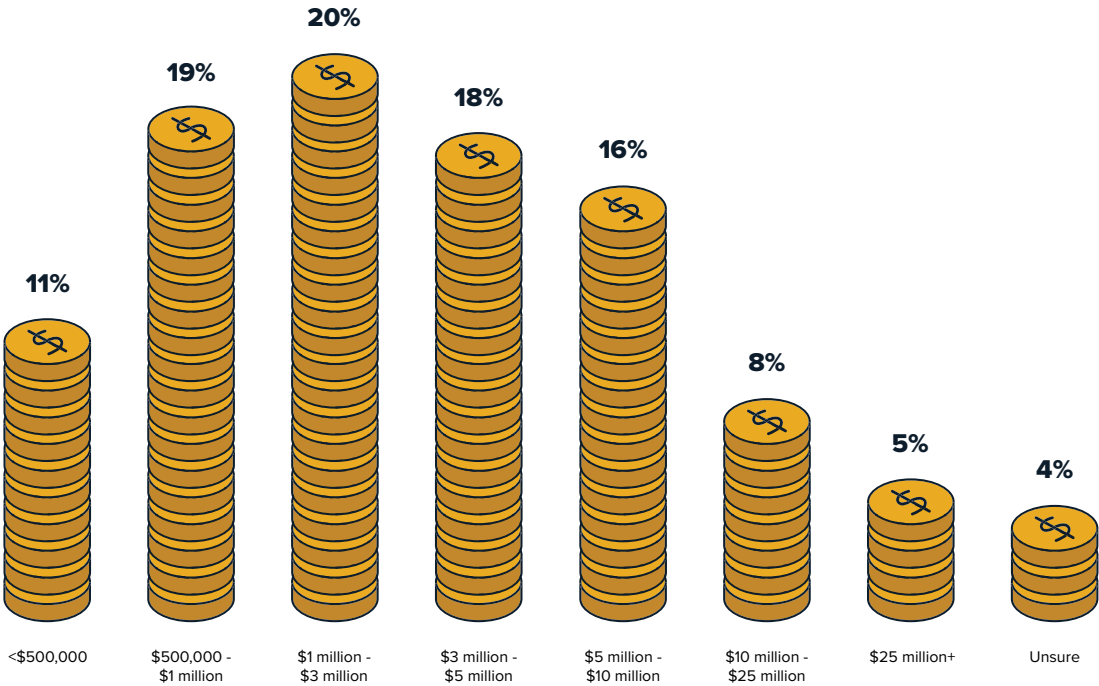
Age of MSP



Age of Owner



Total annual revenue



Top Trends

8 key MSP business trends and insights for 2025



1. High revenue earners outperform other MSPs in ARPU, staff efficiency, and more

MSPs earning the highest annual revenue, regardless of size, are often high performers in other areas of their business. They tend to have higher client retention rates (76%+) and recurring revenue rates (51%+), which helps them consistently maintain their bottom line. They also tend to have the highest Average Revenue Per User (ARPU) (above \$250) and staff utilization rates (76%+), showing that commanding high prices—while keeping operations efficient—is key to profitability.

A few other characteristics high earners have in common:

- They have formal customer success initiatives and a vCIO/vCISO program
- They offer more services—including less popular services, like compliance as a service and disaster recovery
- They track and monitor more financial performance, staff productivity, customer success metrics
- They leverage more apps and AI to improve service delivery and internal efficiency
- They have larger marketing budgets and more sales team members
- They're more likely to offer their staff technical training, certifications, and higher education opportunities



2. Recurring revenue and client retention may be overlooked aspects of continuous growth

Top-earning MSPs are more likely to have higher client retention and recurring revenue rates, showing how long-term client relationships contribute to consistent growth. However, nearly a third (36%) of respondents have customer retention rates below 50%—meaning they have to replace half of their clients annually, which is expensive. Also, only a third of MSPs (34%) track Customer Lifetime Value (CLTV) or churn rates, even though these metrics directly relate to retention and recurring revenue.

What do top MSPs do to drive client retention and recurring revenue? Those with high client satisfaction scores and staff utilization rates enjoy higher retention and recurring revenue—suggesting that a strong client service strategy and highly productive team can secure long-term contracts. Those with low customer churn also tend to track more service-focused metrics (including ticket volume, average first response time, average resolution time, and service uptime), indicating that a holistic view of the client experience can help foster stronger client relationships.

3. MSPs with high client satisfaction enjoy benefits—but many are missing client success program cornerstones

MSPs with best-in-class Customer Satisfaction (CSAT) scores are more likely to have higher retention rates, more likely to be projecting higher growth rates for 2025, and are slightly more likely to have higher annual revenue and recurring revenue rates. These MSPs take a strategic, consultative approach to client engagement by:

- Having formal customer success programs, client-facing technology roadmaps, and renewal strategies in place
- Having dedicated customer success or account managers owning client success
- Offering vCIO/vCISO services and having a team member dedicated to this role
- Leveraging more apps to serve clients and using AI for task automation
- Offering a broader range of services (including less common ones) to their clients
- Conducting monthly client reviews and regularly collecting customer feedback
- Sharing more metrics (like ticket insights and lifecycle data) with clients to showcase the value of their partnership

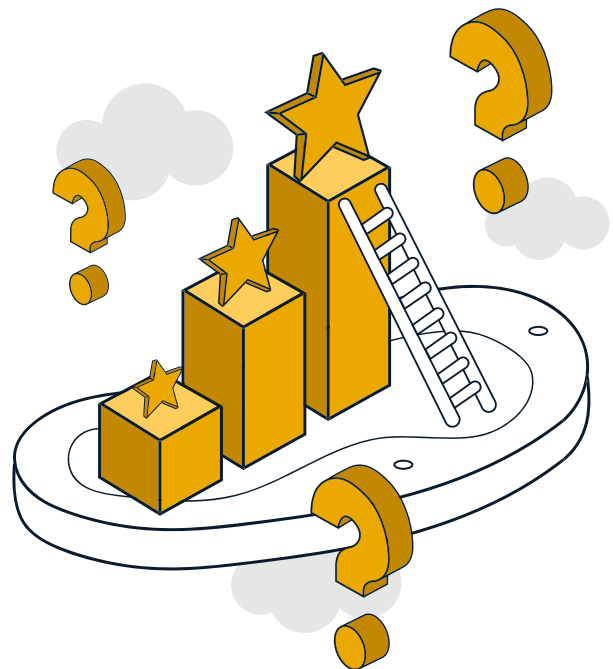
Despite 74% of respondents saying they have a customer success program, there may be some confusion over what a formal program entails, since many MSPs are missing key elements, like dedicated account managers, vCIO/vCISO services, client-facing roadmaps, or monthly reviews.

4. MSPs' growth outlook for 2025 is positive—but their tactics may not align with key challenges

The majority of MSPs project they'll grow in 2025. And nearly half (49%) plan to do it by acquiring new clients, while another third feel offering new services or exploring partnerships will help. The focus on new business would explain why just over a third of MSPs plan to increase their marketing investments and prioritize hiring sales and marketing roles in the year ahead.

While larger marketing budgets are tied to more revenue, MSPs may miss out on other ways to increase profitability—like driving efficiency. Many MSPs say that increasing costs (55%), shrinking client budgets (39%), and being underpriced by competition (38%) are obstacles. So increasing operational efficiency and scaling service delivery should be a priority. (High-revenue MSPs are more likely to see service delivery efficiency as a growth driver over the next year.)

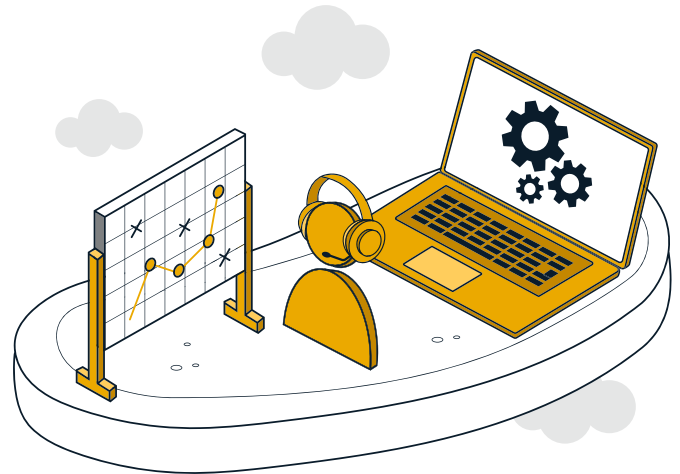
Reporting may be another overlooked area since only 18% of MSPs feel improving their data will give them an advantage in 2025. However, MSPs who track more metrics—whether they're financial, operational, or client-related—outperform their peers. MSPs should improve their data tracking by either leaning on vendors for stronger reporting or building internal solutions.



5. MSPs may not be aligned with their most critical, customer-facing roles

Account managers and customer success managers tend to see their client success initiatives in a harsher light than executives and technical team members. They're more likely to say their consulting services are inefficient and that their CSAT scores are average. They're also less likely to say they have formal client roadmaps, renewal strategies, or an 'excellent' way to show clients value. It could be that their standards are high since client success is their focus—or that the rest of the organization isn't aware of these gaps in the client experience.

The disconnect may be partially caused by a lack of technical proficiency or access to data. Account managers and success managers are less likely to say they have project management software (even though 41% of MSPs have it) or business intelligence (BI) tools. They're also less likely to say they track CSAT (58% do) and other customer service metrics compared to other team members. Ideally, these customer-facing roles are well-trained on their tech stack and partnering closely with technical service teams to get a clear picture of customer health.

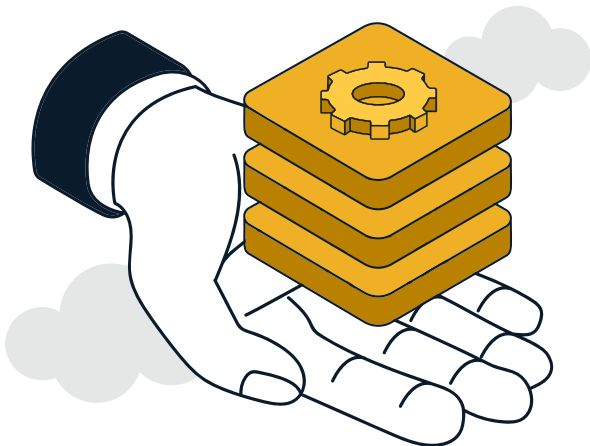


6. Some MSPs feel tech stack challenges—but more apps and AI usage can lead to better outcomes

Nearly half of MSPs (47%) say the hardest thing about tech stack management is keeping up with new tools, while a third (33%) feel they have too many different applications to manage. The number of apps MSPs have in their tech stack increases as the company grows, with small MSPs more likely to have 10 or less, medium MSPs more likely to have 6-15, and large MSPs slightly more likely to have 10-20. However, about a third of large MSPs only have 6-10 apps—suggesting that a lean tech stack can still fuel growth.

Interestingly, MSPs with the highest CSAT, client retention, and staff utilization rates are more likely to have 15+ apps in their tech stack—suggesting that more apps don't mean less efficiency. They're also more likely to use vCIO/vCISO, BI, documentation, invoicing, and resource management solutions, which suggests that professionalizing operations with software can drive MSP performance.

Most MSPs also use AI to streamline communications, monitor threats, engage clients, and improve reporting. MSPs that leverage AI across their business—from automation and ticket analysis to writing code or supporting marketing—have higher CSAT, ARPU, projected growth rates, and revenue, meaning that adopting AI is vital for increasing efficiency.



7. MSPs go deeper on core services in 2025—but shouldn't overlook complementary offerings

The most common services offered by MSPs stayed relatively similar to last year, with network management, network operations, cybersecurity management, and cloud services at the top of the list. Backups and project management, which made last year's top services, are lower on this year's list.

When asked which services they intend to grow in 2025, MSPs are focusing on the top services they are already likely to offer, like IT helpdesk, cloud services, cybersecurity management, network operations, and network management. This suggests MSPs aren't necessarily looking to offer brand new services to grow their business, but want to either sell their existing offerings to new customers or expand these core services among existing clients.

But MSPs shouldn't ignore the potential of new services. MSPs who offer more services overall—and less common services, like disaster recovery, software license management, productivity management, and Internet of Things (IoT)—have higher overall revenue, CSAT scores, and client retention rates. This suggests that selling complimentary services outside of one's core services can help unlock new growth and improve customer loyalty.

8. MSPs of any size can find success—if they invest in scaling the right areas of the business

Most MSPs, regardless of size, can generate a few million in revenue annually. (67% make over \$1 million in annual revenue.) Smaller MSPs (those with 1-10 employees) can punch above their weight and earn as much as their larger counterparts (those with 51+ employees)—if they can overcome some common challenges.

Smaller MSPs tend to have lower recurring revenue and staff utilization rates, allocate less budget towards marketing, are less likely to offer vCIO/vCISO services, and are more likely to feel they have too many apps—all areas that high performers don't struggle with. However, small MSPs with the highest revenue have solid recurring revenue and staff utilization rates, invest more in marketing, and are more likely to offer vCIO/vCISO services—meaning that with the right investments, small MSPs can pull ahead.

Larger MSPs are more likely to be challenged by too much competition, being underpriced, and shrinking client budgets. This suggests that small firms could win accounts from their bigger counterparts based on price. However, large MSPs don't always need a large number of accounts to stay afloat. While bigger MSPs are more likely to serve 100+ clients at a time, many serve a similar amount of clients to their small and medium counterparts—suggesting that some large businesses can thrive with a small number of high-value accounts.



Chapter 1

Financial performance: MSPs predict growth; Leaders focus on recurring revenue and efficiency

MSPs have a positive growth outlook for 2025, and businesses of any size can punch above their weight in terms of annual revenue. Those who are pulling ahead have mastered charging premium prices and increasing recurring revenue—but they shouldn't overlook how metrics tracking and driving efficiency could influence their bottom line.



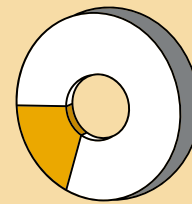
FINANCIAL PERFORMANCE

MSPs track profit and recurring revenue—but miss customer and wage-focused financial metrics

Half of MSPs use profits and Monthly Recurring Revenue (MRR) to track their financial health. A large portion (35-40%) also use Return On Investment (ROI) metrics—like Customer Acquisition Cost, Return on Capital Investment, and Cost of Goods Sold—to understand what their most capital-efficient services and channels are.

However, barely a third track Customer Lifetime Value (CLTV) or Customer Churn rates. If MSPs care about retaining and increasing their MRR—which is the third most popular financial metric being tracked—then understanding the long-term value of ongoing client relationships and when they stop doing business with you can offer extremely valuable insights.

Only a quarter track their Service Multiple of Wages. Ignoring this metric can cause MSPs to underprice services because they don't have a clear picture of the staffing costs. Since many MSPs plan to hire new staff in 2025, this metric should be focused on.



Less than 20% of MSPs track EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization). This metric—used to evaluate overall company performance—is vital for MSPs seeking investment or a sale.



“EBITDA is relevant to any MSP that wants to either buy or sell. Most MSP owners are so deep into building the business, they’re really not thinking about EBITDA. But they should, because you don’t know when someone is going to be interested in buying you.”



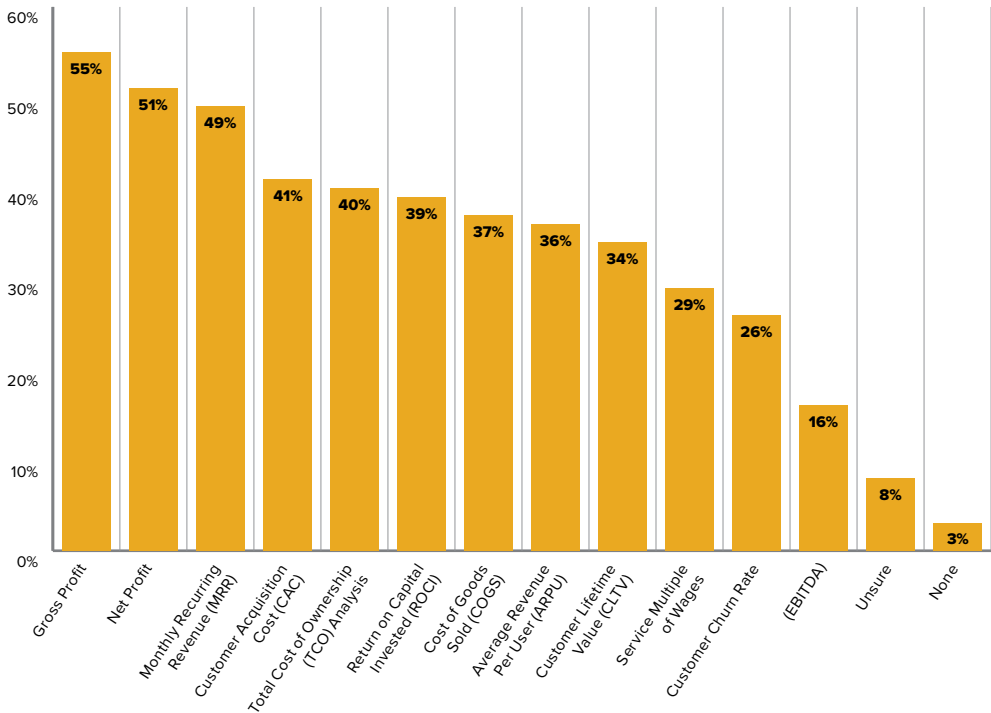
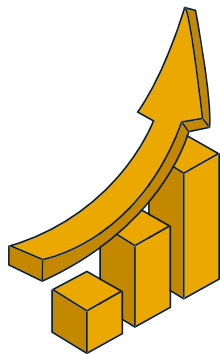
Darrin Leblanc,
Vice President Biz Development
& Operations
EPK Solutions

“EBITDA is important for mature MSPs to measure, who are either on the precipice of selling or want to go down that path in the future. Having these numbers and knowing your value arguably makes you even more valuable to private equity firms, because keeping your books clean shows maturity.”



Matthew Bookspan,
CEO
Blacktip

Financial metrics tracked



Many MSPs generate millions in revenue; Giants can hit \$25+ million

Over half of respondents (57%) fell somewhere between \$500,000 and \$5 million annually. 38% make between \$1–\$5 million, while about a third (34%) make between \$3–\$10 million. Nearly a third (29%) of respondents make \$5+ million. The bottom line? Most MSPs, regardless of size, can generate a few million in revenue each year.

When we look at the data based on company size, revenue generally shifts upward with employee count:

- Small MSPs (1-10 Employees):** A third (33%) make \$500,000 or less annually. A quarter make between \$500,000 and \$1 million, while another third cap out in the \$1–\$5 million range. The small MSPs reporting more than \$3 million in revenue also tend to have higher ARPU as well, with 28% making \$151–\$200 per client, and another 20% making \$300+.
- Mid-sized MSPs (11-50 Employees):** Respondents are equally split across four key revenue ranges, starting as low as \$500,000+ and capping out at about \$10 million. Only 10% make over \$10 million.
- Large MSPs (51+ employees):** Nearly 40% earn between \$3–\$10 million. About a quarter (23%) make \$10+ million, but nearly a third (30%) are stuck in the \$500,000–\$3 million range—meaning some are performing closer to a mid-sized MSP. 10% earn over \$25+ million—making them revenue leaders.

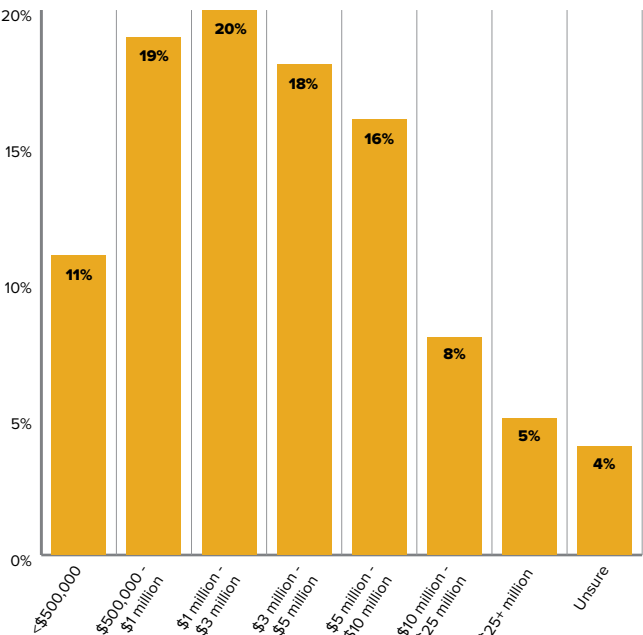


Better customer satisfaction influences revenue

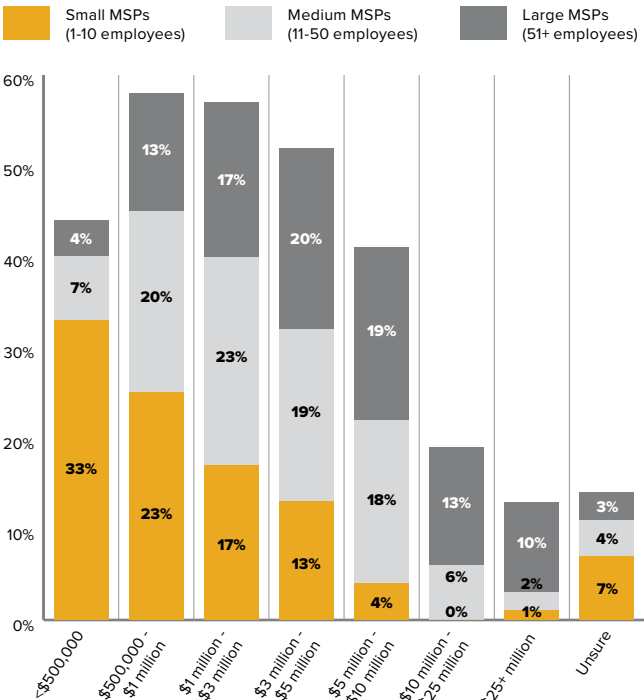
Those with best-in-class customer satisfaction scores are slightly more likely than average to report making between \$5–\$10 million in annual revenue, and slightly less likely to be making less than \$5 million annually—suggesting client satisfaction has a positive impact on revenue. They’re also much more likely to have recurring revenue rates in the 51–80%+ range, showing that superior customer experience can lead to valuable ongoing relationships.



Total annual revenue



Total annual revenue



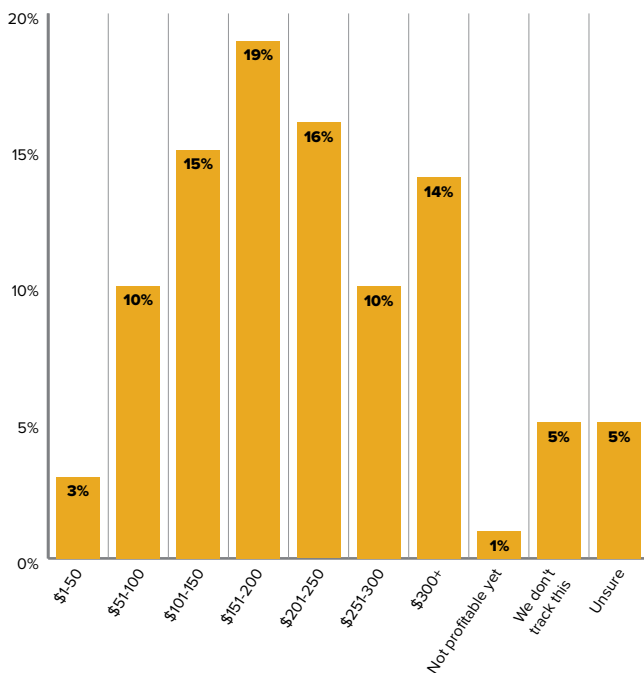
Average ARPU falls between \$100-\$250; A rare few earn \$300+

Nearly 50% of MSPs have an Average Revenue Per User (ARPU) rate between \$101+–\$250.

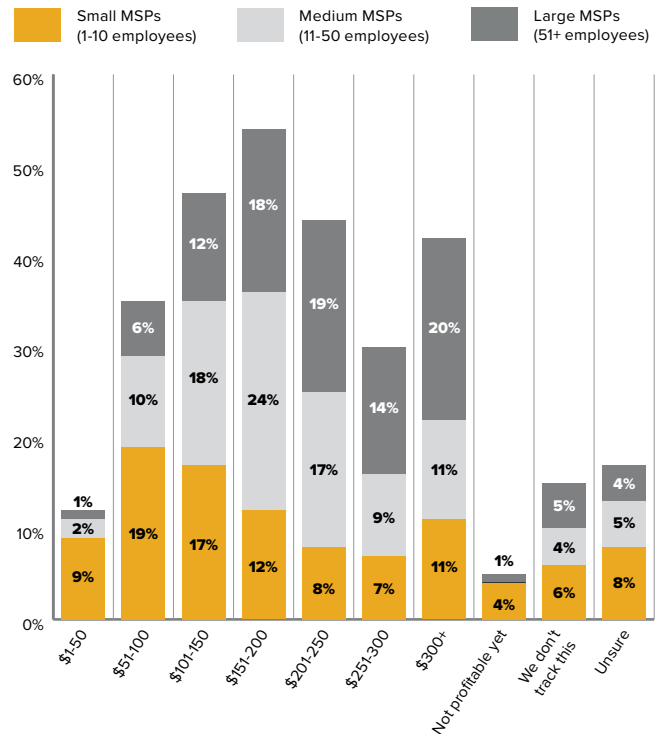
The largest single group are those in the \$151–\$200 range, at 19% of respondents. Nearly a quarter (24%) have an impressive ARPU rate over \$251—making them high performers in the category.

ARPU generally skews higher as company size grows, although some small and medium businesses have achieved a rate of \$251+, which is more common for large MSPs.

Average revenue per user (ARPU)



Average revenue per user



“You could be charging \$300 a user a month—but if you get a million tickets per person, your costs will go up and you won’t do very well. If you’re going to track ARPU, you have to correlate it with ticket data to see what you charge vs. what you spend.”



Matthew Bookspan,
CEO
Blacktip



MSPs with higher ARPU are more likely to:

- Offer services like software license management, productivity management, asset management, and disaster recovery—suggesting that focusing on customer assets, efficiency, and security can improve ARPU.
- Have higher Staff Utilization rates and track operational metrics like Aggregate Service Desk Productivity and Resource Utilization Rate—implying better staff productivity leads to higher ARPU.
- Track First Contact / Level Resolution Rates and Escalation Rates—meaning prioritizing speedy customer service can increase the prices MSPs command.
- Enjoy high recurring revenue rates between 51–80% and total annual revenue rates above 10+ million—suggesting customers will pay well for ongoing, high-quality service.



RECURRING REVENUE

High recurring revenue rates influenced by client satisfaction, staff productivity

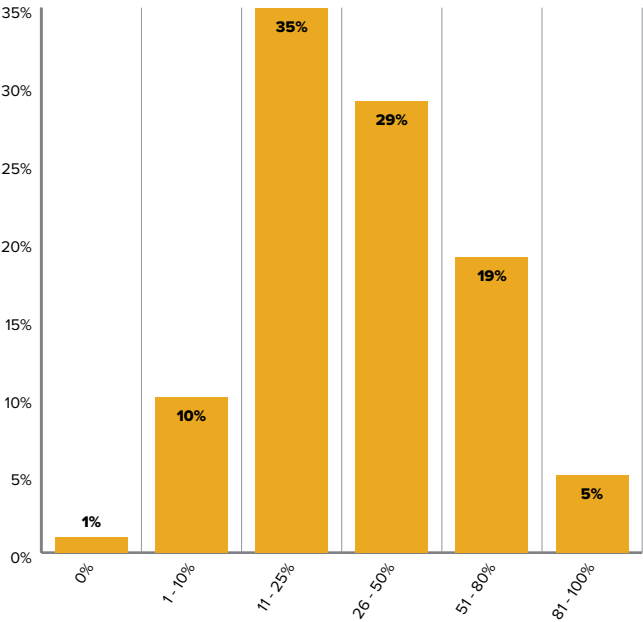
Nearly half of respondents (46%) have a recurring revenue rate of 25% or less. The other half (52%) have 26%+ or more in recurring revenue. Since about half (49%) of respondents track this financial metric—it's the third most popular choice—it's clearly a focus area for MSPs. Despite a large portion of respondents having rates below 25%, 81% of MSPs said their percentage of recurring revenue increased in the past year.

Those with higher customer retention rates and staff utilization rates were more likely to have recurring revenue rates in the 51–80% range. (Baseline respondents are more likely to have 25% or less in recurring revenue.) Customer satisfaction leaders are slightly more likely to have higher recurring revenue rates and say their recurring revenue rates have increased over the past year. These both indicate that a strong client experience and productive staff can positively influence recurring revenue.

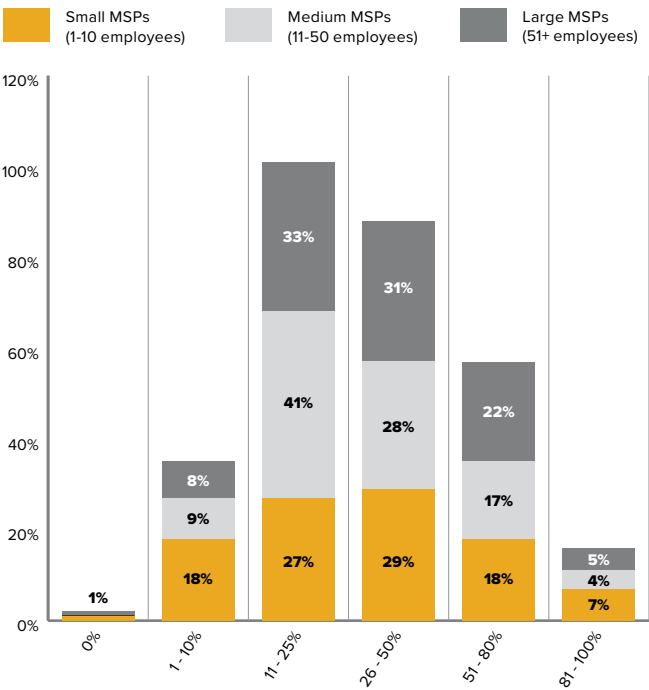
Small MSPs are slightly more likely to have recurring revenue rates of 10% or less, and they're slightly less likely to have rates in the 11–25% range than average—meaning smaller businesses may struggle to land recurring work. They're also more likely to say they didn't grow recurring revenue in the past year. However, small MSPs perform about as well as others in the 26–50% ranges—and even slightly better than bigger MSPs in the 51+ ranges. This suggests some tinier MSPs can enjoy high rates of recurring revenue—and perhaps shows a niche market preference for small, dedicated teams over larger MSPs.



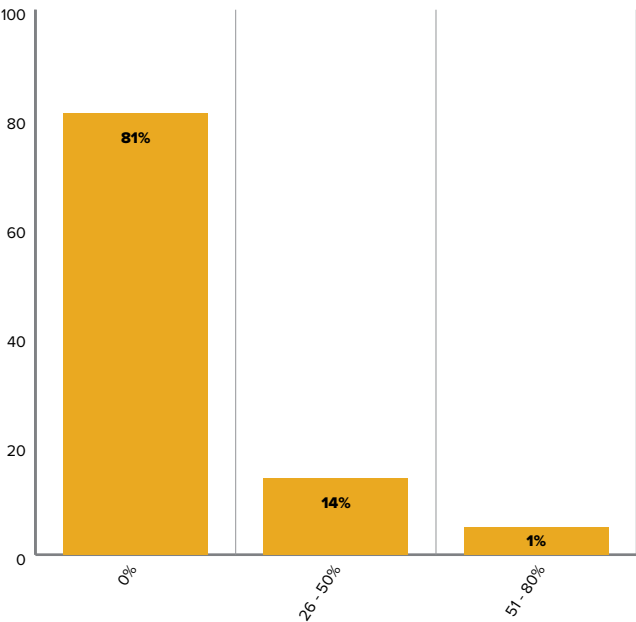
Recurring revenue rate



Recurring revenue rate



Recurring revenue grown in the past year



“A healthy MSP can be one that’s covering all of their costs with monthly recurring revenue. If you’re at the stage where you’re covering staff salaries, healthcare, etc., and the lights are on, you’re probably in a healthy place. Whatever you do on top of that—project work, hardware sales, software sales, additional service work—is mainly pure profit.”



Darrin Leblanc,
Vice President Biz Development
& Operations
EPK Solutions

Those with high recurring revenue are:



More likely to offer Disaster Recovery



Less likely to offer System Integrations



More likely to offer Software License Management

“To be a mature MSP, you need to be in the 70-80% range of recurring revenue. Our recurring revenue is over 80%. The only other revenue that’s separate from that is product sales and professional services (but that’s just for our existing client base).”



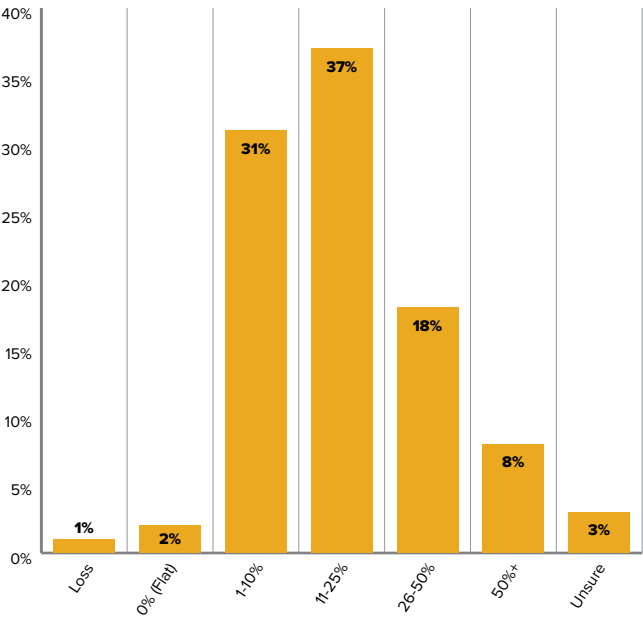
Matthew Bookspan,
CEO
Blacktip

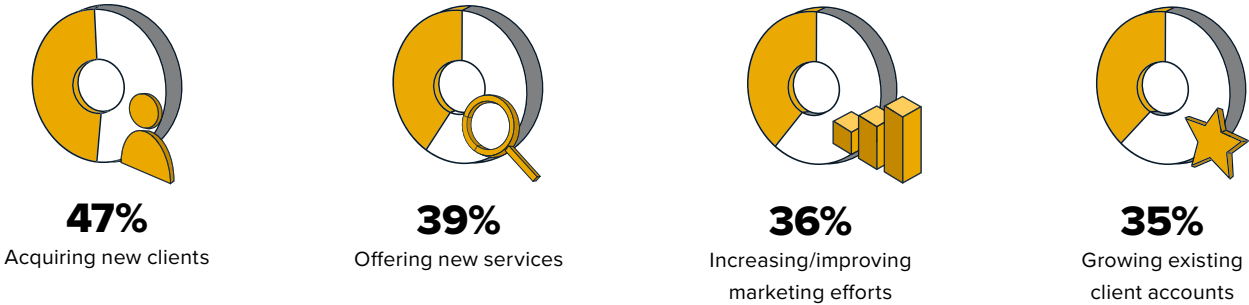
PROJECTED GROWTH

Most MSPs expect financial growth in 2025

The majority of MSPs project their revenue will grow between 1–25% in 2025. About a quarter (26%) are more bullish and see their growth rate above 26%+. These rates are fairly consistent across MSPs of different sizes.

Projected revenue growth rate for 2025

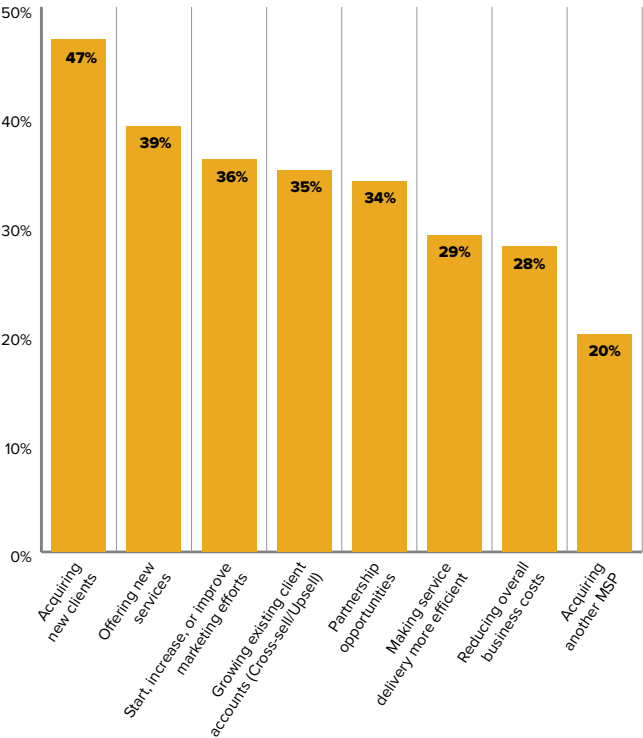




For those projecting growth in the year ahead, nearly half (47%) attribute this to acquiring new clients. That could be why over a third (36%) plan to start, increase, or improve their marketing efforts. Another third also plan to offer new services and explore partnership opportunities to drive growth. This shows that high-growth MSPs are taking a more holistic approach to growing their business—with areas like marketing and partnerships becoming just as important as the technical services provided.

Less than a third plan to impact growth by driving efficiency through service delivery or by reducing costs. However, since many MSPs see increasing costs as an impediment to their growth (more on this later), looking inward to increase efficiency should perhaps be higher on their list of priorities. Large and small MSPs with high annual revenue were more likely to see service delivery efficiency as a major growth driver in the year ahead.

Top reason for projected growth



How Revenue Leaders Pull Ahead

MSPs with the highest reported annual revenue are more likely to have:

- Higher average ARPU and recurring revenue rates
- A formal customer success program in place and a roadmap for customers
- A desire to improve project management efficiencies
- Used AI to improve alerts, monitoring, and reporting
- Offered technical training, certifications, and higher education to upskill employees



Chapter 2

Business Operations: Managing projects and growth prove challenging—but better measurement and employee engagement could unlock efficiencies

MSPs are looking to mature their operations in 2025, with project management and sales and marketing growth being key concern areas. Those who rigorously track staff efficiency and the client experience are finding more success. However, opportunities for employee growth—especially among customer-facing roles—could unlock even better operational performance.



OPERATIONS + PLANNING

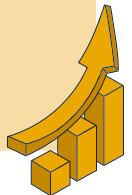
Most MSPs focus on tracking productivity and resolution times; Leaders go deeper on staff efficiency and client service

The most popular operational metrics MSPs track is technician productivity at 54%. Other popular metrics focus on consistency and speed of service, like average resolution time, service uptime, and ticket volume. Employee turnover is also a closely monitored metric for 44% of respondents, which may reflect concerns MSPs have about the costs associated with replacing experienced talent.

Within an MSP, different roles tend to focus on different metrics. For instance, those in customer-facing roles (account managers, customer success managers, etc.) are much less likely than executives or technical roles to say they track ticket volume, resolution time, and mean time between failures. Ideally, customer-facing teams should partner closely with technical service teams to get a clear picture of customer health so they can speak to any issues with their customers confidently.



Small MSPs are less likely to track technician productivity and staff utilization rates compared to large MSPs, but more likely to say hiring new employees will give them an advantage in 2025. They may want a clearer picture of employee productivity and capacity before bringing on new staff.



Those with high annual revenue, ARPU, and projected growth rates are more likely to monitor some of the least tracked staff productivity and customer service operational metrics (compared to average respondents, including:

Escalation Rate

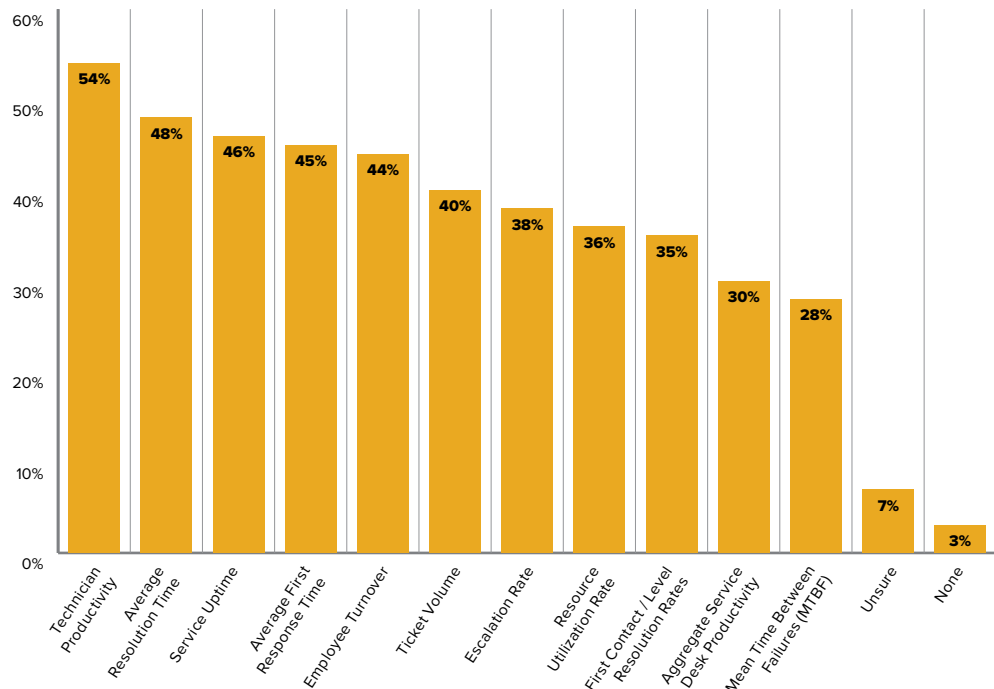
Resource
Utilization Rate

First Contact /
Level Resolution Rates

Aggregate Service
Desk Productivity

Mean Time Between
Failures (MTBF)

Operational business metrics tracked



Project management, sales and marketing top list of inefficient business areas for MSPs

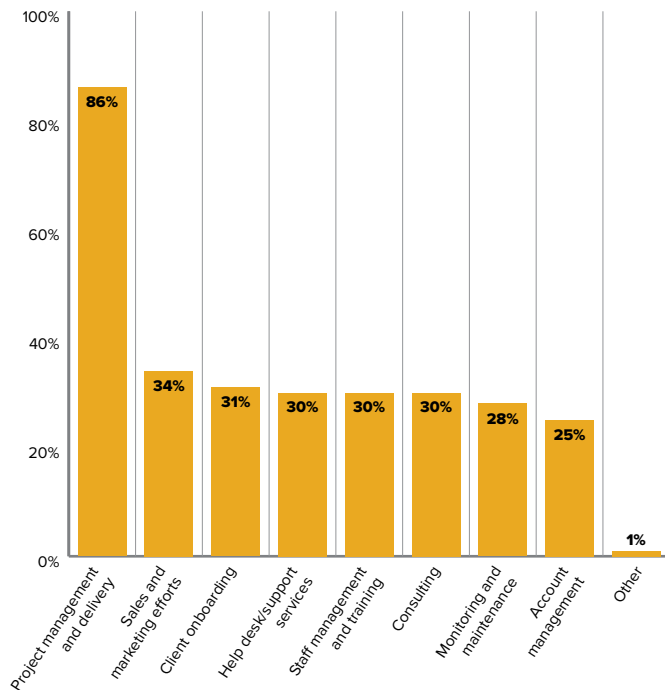
When asked what the most inefficient area in their business is, MSPs responded overwhelmingly with one answer: project management and delivery. These project management issues may be why only 34% of MSPs sell Project Management and Delivery as a stand-alone service.

Concerns around project management efficiency were true for MSPs regardless of their size or performance. In fact, high performers across a number of areas (including APRU, recurring revenue, total revenue, CSAT scores, and staff utilization) are more likely to feel that project management is their least efficient area. This suggests that being concerned about project management may positively influence client success, staff efficiency, and, ultimately, revenue.

The next most common weakness was sales and marketing efforts, at 34%. Mid-to-large size MSPs are more likely to place sales and marketing inefficiencies as their top concern—meaning maturing these operations is vital for scaling for larger MSPs. Those with high client retention rates are also more likely to feel sales and marketing are inefficient. Perhaps they don't feel supported by sales and marketing when it comes to driving customer retention—which should be a cross-company initiative.



Least efficient area of the business



MSPs overwhelmingly felt project management and delivery was the least efficient area of their business—no matter their size or performance.

“Many [MSPs] don’t have a project management background. They don’t understand how to run a project, properly estimate it, or communicate during it—so I understand why 86% of MSPs said it was inefficient. We always write a project plan before we execute on the project, and then it’s reviewed by the team.”



Matthew Bookspan,
CEO
Blacktip

“MSPs often use an engineer who is really good at delivering the project, but not at understanding the project framework that needs to be followed. That’s really the most important. We have project managers and we find that our framework is very effective. That helps keep us—and the customer—on schedule and prevent scope creep.”



Chris Murray,
VP of Operations
Watchkeep

Strong business plans lead to better outcomes, but some MSPs may fear long-term planning

The vast majority of MSPs (85%) have developed a business plan. 40% of respondents have a strategic business plan for at least the next 6 months, while the next biggest group (33%) have one for the year ahead. Small MSPs are more likely to have no formal plan, while larger MSPs are more likely to have year-long or multi-year plans.

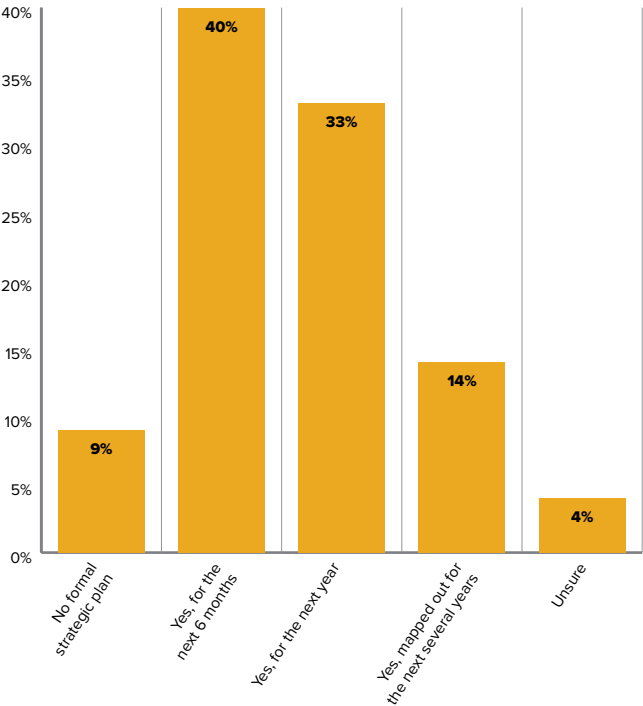
Compared to ScalePad’s 2024 Trends report, more MSPs are engaging in formal business planning for 2025. In 2024, 11% said they had no strategic plan, while this year only 9% don’t. Those with sixth-month plans increased by 5% in 2025. Interestingly, year-long planning stayed flat while multi-year planning decreased 7% this year—suggesting that MSPs may be worried about longer-term planning due to economic or regulatory uncertainty.

Regardless of size, it’s worth noting that high performers across a number of categories (including CSAT, retention rates, and staff utilization rates) are more likely to have a business plan for the next year or few years—proving that creating concrete, long-term plans can drive better business outcomes.

Account Managers and Customer Success Manager roles are less likely to say their business has a long-term plan—which may suggest they’re either unaware of the bigger picture or don’t see the growth or development of their department reflected in these plans.



2025 MSP business planning



Short-term business planning grew in 2025, while multi-year business planning shrunk—suggesting MSPs may be trying to stay nimble in case of economic or regulatory volatility.

MSPs rely on CRMs and ticketing tools to run their business, overlooking business intelligence and collaboration solutions

The most common non-technical solutions MSPs use to help run their business are customer relationship management tools, help desk and ticketing software, and project management software. Clearly, MSPs see the value of having solutions for tracking customer relationships, managing support effectively, and confidently leading client projects.

Even though 41% of participants have project management software, MSPs overwhelmingly rate project management and delivery as one of the most inefficient areas of their business—which may suggest solutions aren’t meeting their needs or that software alone isn’t enough to execute projects effectively.

About a third use time tracking, quoting/invoicing, documentation, internal collaboration, and marketing automation tools. MSPs who want to improve both staff productivity and the customer experience may want to consider increasing their use of these efficiency and client communication tools.

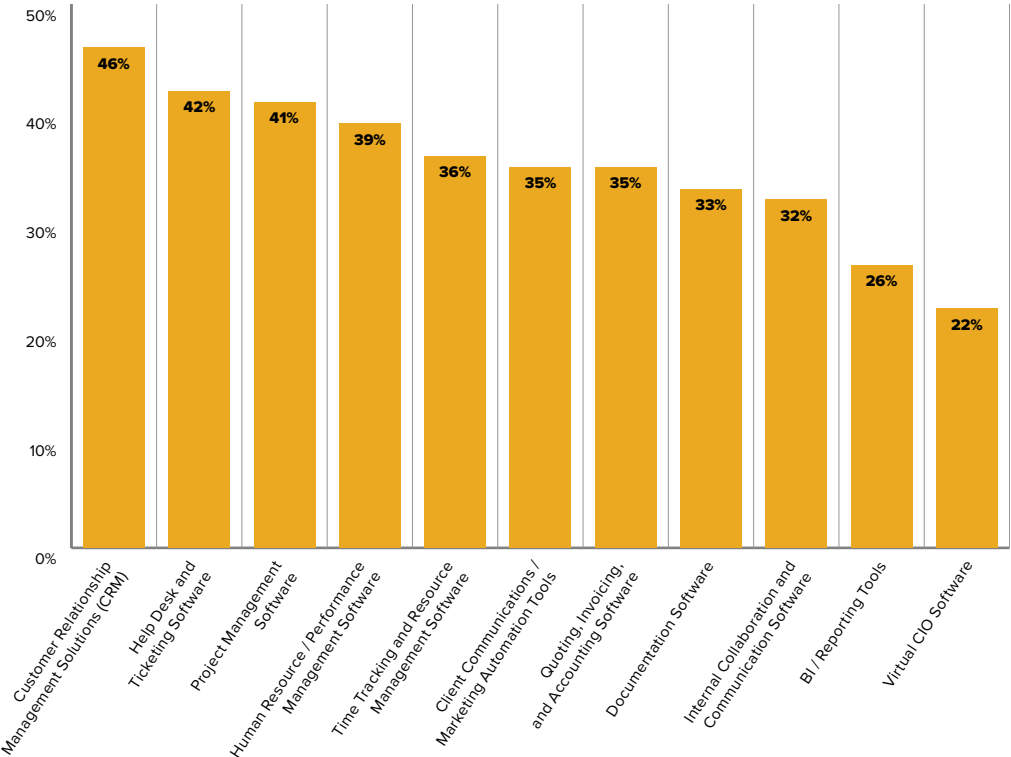


Professionalizing business operations with software tied to higher client satisfaction, retention

MSPs with best-in-class customer satisfaction scores are more likely to use vCIO, business intelligence, and documentation software. MSPs with high retention rates are more likely to use project management, time and resource management, and documentation software. They’re also more likely to use invoicing software, as are those with high staff utilization rates. Professionalizing how MSPs handle billing, consultation, projects, and reporting through software clearly plays a role in improving client satisfaction, retention, and overall productivity.



Top tools for non-technical business management



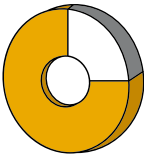
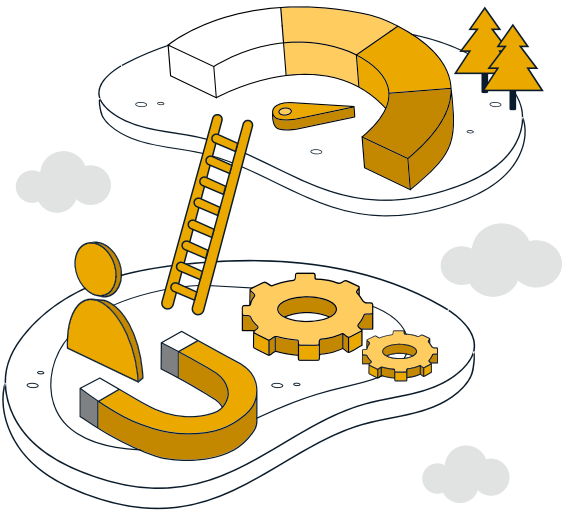
EMPLOYEE PRODUCTIVITY + RETENTION

High staff utilization rates tied to higher CSAT, client retention, and ARPU

Over half of MSPs (64%) say their utilization rate is between 26% and 75%. Close to a quarter (18%) are high performers with rates of 76% or more.

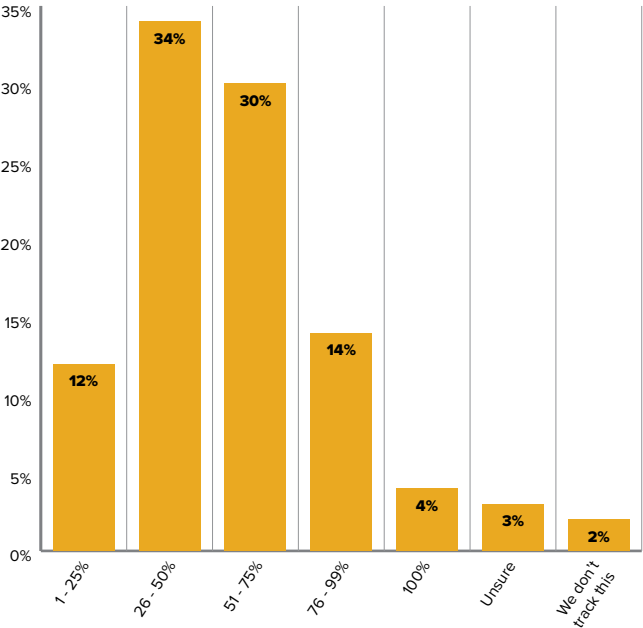
Small MSPs are slightly more likely to have lower utilization rates than their larger peers—but they’re also less likely to be tracking it compared to their peers, meaning it may not be a priority to them. However, when we look at utilization rates by MSP size across those with the highest revenue, rates are fairly consistent, regardless of size—suggesting that small MSPs focused on this metric may perform better financially than their similarly sized peers.

Those with higher ARPU, CSAT, and retention rates are more likely to also have higher utilization rates (above 75%). This suggests that businesses who maximize their staff’s productivity can impact both the customer experience and the bottom line. It also helps MSPs judge workloads and when they may need to hire new employees.



75%+
The staff utilization rate those with higher ARPU, CSAT, and retention rates are more likely to have.

Staff utilization rate



“ In the past, our goal was to have our people operating between 85% and 92% utilization. By tracking this, we could forecast when we needed another engineer or technician to come on board to take care of the clients that we either currently have or are about to have. It really solved the problem of what comes first: the new client or the engineer/technician?”



Darrin Leblanc,
Vice President Biz Development
& Operations
EPK Solutions

Employee upskilling priorities technical training and education over peer-based learning

The majority of MSPs (67%) develop their staff's skills by offering technical training, and about half offer higher education support and conference attendance. Formal mentoring and career planning fall in the middle at 43% and 42%, respectively, while personal learning stipends and memberships in professional communities fall in the bottom third.

Overall, most MSPs seem to offer a few different learning opportunities to their staff—suggesting that if they're having trouble growing or retaining highly skilled staff, they may need to revisit their professional development programs and think outside the box to improve outcomes.

Large MSPs are more likely to offer higher education support, event or conference travel, and formal mentoring programs to train employees than smaller MSPs. Small MSPs may have to find creative ways to compete with these perks on a tighter budget. It should be noted that MSPs with the highest revenue, regardless of size, are much more likely to offer technical training and higher education support than the average. However, small MSPs with high revenue are more likely to lean into formal mentorship programs, while large revenue leaders focus on educational events, learning stipends, and long-term career planning.

Customer Success Managers and Account Managers are less likely to say they get technical training or formal mentorship, and slightly less likely to say they receive support for conferences or higher education. If MSPs want these vital, customer-facing roles to perform better, they may need to explore different programs and training than they're used to for more technical roles.

Revenue high performers, regardless of size, are much more likely to offer technical training and higher education support to employees.



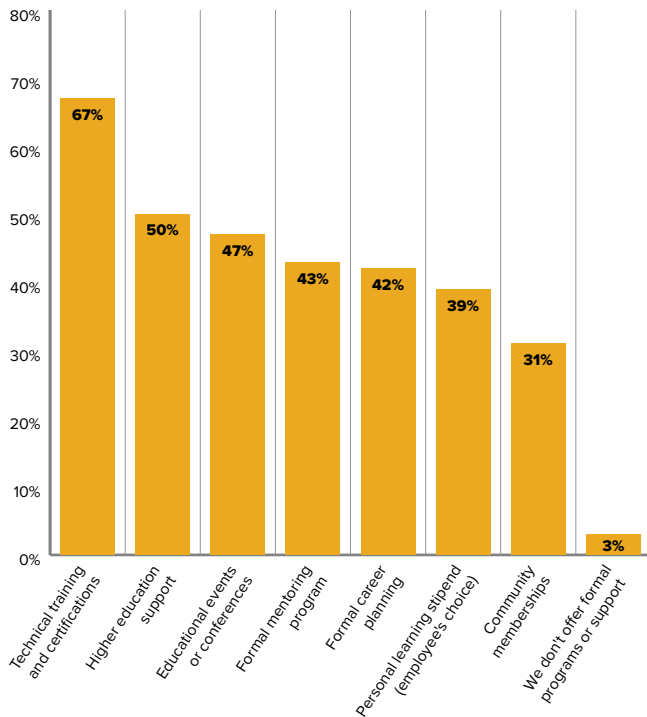
“We brought in a learning management system and combined it with a learning path program that defines engineer career pathways, so if someone’s just coming in they know what steps they need to take to get to the next level. But the other component is to competitively pay them. We’ve found if you put too much into the bonus, it’s too much of a variable. So you should try to give them better, consistent pay.”



Chris Murray,
VP of Operations
Watchkeep



Employee upskilling opportunities



Peer learning and career planning help high performers pull ahead

Those with high ARPU are more likely to offer formal mentoring programs to employees, while those with high CSAT scores are more likely to offer community memberships and formal career planning. Leaning into peer-to-peer skills building and personalized career development may play a key role in unlocking service excellence and commanding higher prices for your work.



Employee retention efforts center on pay and flex work, but culture and time off may offer an edge to smaller MSPs

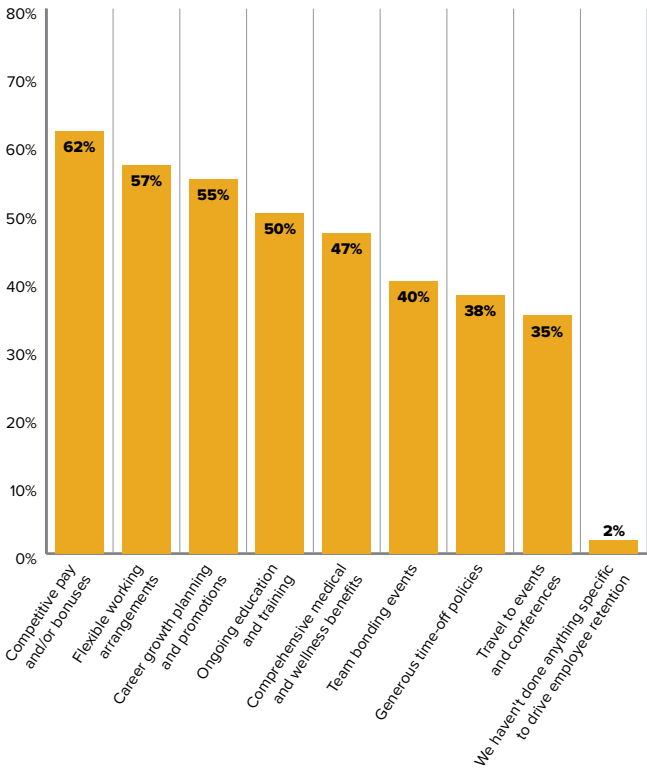
The majority of MSPs are focused on using competitive pay and bonuses to retain staff, with flexible work arrangements, and career growth planning and promotions rounding out the top three tactics. Paying for travel to work-related events and generous time off policies are the least likely to be used.

Small MSPs are less likely to offer career planning and comprehensive benefits to employees, while large MSPs are slightly more likely to offer competitive pay, career planning and promotions, and team bonding events. Large MSPs that are high-revenue earners are more likely to offer nearly all of the retention initiatives in the survey—while smaller high-revenue earners are more likely to lean into team bonding events. This means smaller firms may want to focus on pay, career growth, and, perhaps most importantly, company culture to retain top talent.

Those with high client satisfaction and retention rates are more likely to offer generous time-off policies—suggesting well-rested staff may stick around longer and serve clients better.



Employee retention initiatives



To retain customer relationship managers, revisit pay and mentorship opportunities

Account managers and customer success manager roles are less likely to report that they’re trying to retain employees with competitive pay than other roles—meaning their department may feel underpaid or tight on budgets. Executives, who are more likely to say they offer competitive pay, should use compensation data or employee feedback to get a clear sense of market rates. Since this group is also less likely to say they receive technical training or formal mentorship in their roles, MSPs should ensure these team members are technically proficient and receiving guidance from more senior leaders—whether that’s inside or outside of the business.



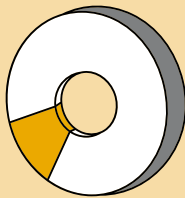
MSPs plan on sales and marketing driving growth in 2025

Sales and marketing roles are the most in-demand new hires for MSPs 2025, followed closely by customer success managers and security specialists. Overall, the most common roles MSPs want to hire for are non-technical, customer-focused roles, implying the need for a holistic approach to acquiring new clients and improving the customer journey (not just technical delivery).

vCIO/vCISO roles trail the bottom of the list at 13%. This advisory role can be a strategic boon for client satisfaction since MSPs with higher CSAT scores are more likely to already have this role. If MSPs want to prioritize growing existing accounts through a more consultative approach, they should prioritize this role.

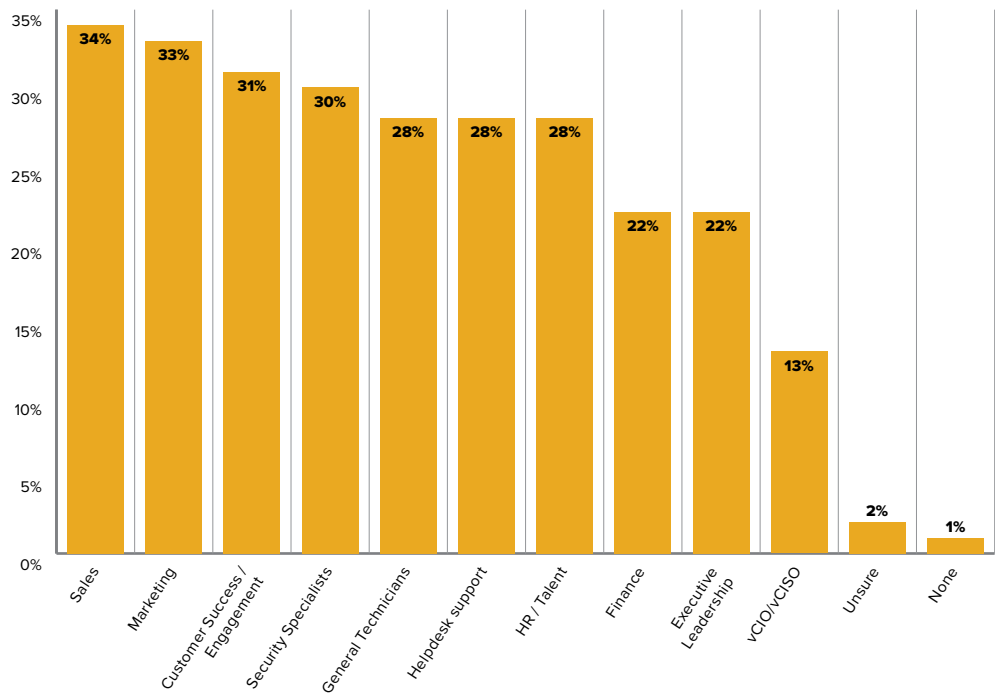
Small MSPs are less likely to be hiring for HR roles. Since we saw in the previous two sections that smaller businesses may struggle to offer the same perks and training opportunities as larger MSPs, investing in HR could help improve the employee experience and offer small MSPs an advantage in a competitive talent market.

Those in non-management technical roles are more likely to say they’re hiring help desk support or general technicians, while senior technical managers are more likely to prioritize security specialists and HR support. It may be important for technical delivery teams to align on the resources their whole team truly needs to excel—and not just the roles that will immediately benefit them the most.



13% plan to hire a vCIO/vCISO in 2025—but those with high CSAT are more likely to have one.

Roles MSPs are hiring for in 2025

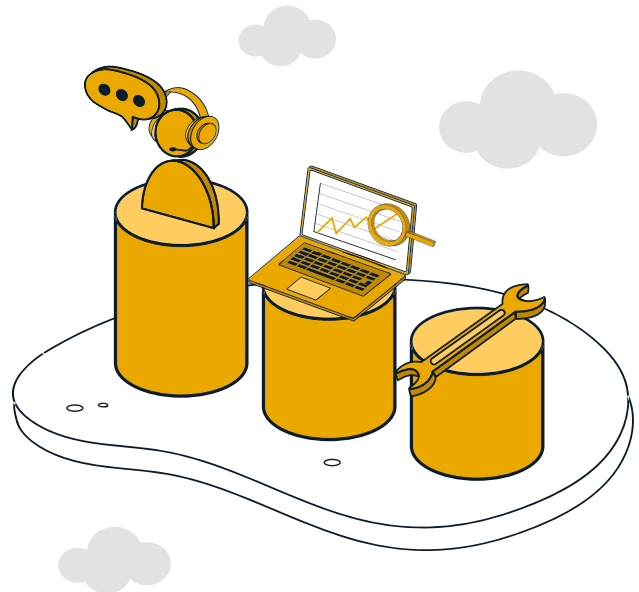


Relationship managers see operations differently than other departments

Account managers and customer success managers are more likely to have a different view of their MSP's operations compared to technical and executive survey respondents in the following areas:

- More likely to list consulting services as an inefficient area of the business
- Less likely to say they have proper project management and BI tools
- Less likely to say their business has a long-term plan

MSPs should uncover where this lack of alignment comes from with customer-facing roles so it doesn't impact the client experience. Revisiting what tools and data these teams have access to, how their goals are embedded into long-term planning, and ways to make client consulting practices stronger are good places to start.



Chapter 3

Services and Technology: MSPs strive to scale existing services, while high performers expand offerings and tech stacks

MSPs are looking to drive growth for existing services. And while those with a lean tech stack and small client base can scale their growth, those who are offering new services, adopting new tools, and experimenting with new AI use cases are pulling ahead of the pack in terms of performance.



SERVICES GROWTH

Some MSPs scale their business to serve 150+ clients—but others grow with far fewer customers

Over half of MSPs serve between 21–100 individual clients, with the other two quarters managing either fewer than 20 or 101+ plus.

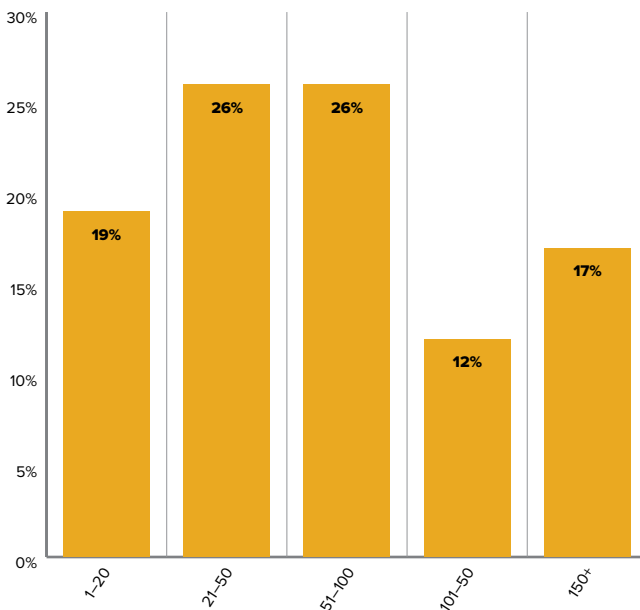
When looking at client number by MSP size, larger companies are (predictably) able to handle more customers. The majority of small MSPs serve 50 or fewer clients (with about half serving 20 or less). The majority of medium-sized MSPs (64%) support between 21–100 clients.

Large MSPs are much more likely to serve either 101–150 clients or 150+ clients compared to their smaller counterparts. However, they're more evenly split across the number of clients they serve (between 20-30% across four ranges). This suggests that standardizing business practices—or serving fewer, but more valuable clients—can allow MSPs of any size to grow without necessarily taking on a larger number of clients.

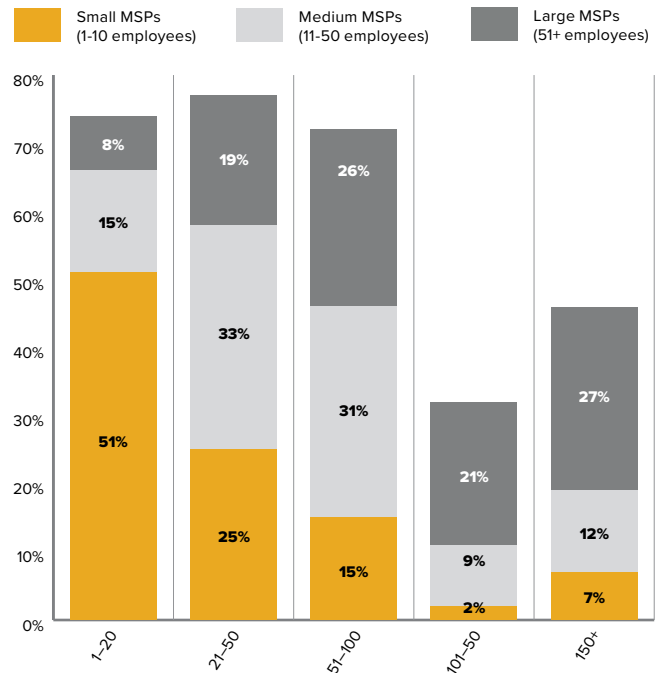
Those with high staff utilization rates and high ARPU are more likely to serve 150+ customers—suggesting that driving staff productivity may be a key factor for serving a large number of clients at scale.



Number of clients served



Number of clients served



MSPs focus on offering security and network support—but some overlooked services may improve client retention and satisfaction

The most common service offered by MSPs is IT helpdesk (61% of respondents), followed by network management, network operations, cybersecurity management, and cloud services. The top services offered in last year's Trends Report also included cloud services, cybersecurity, and network management. However, backups and project management, which made last year's top list, are lower on this year's services listing.

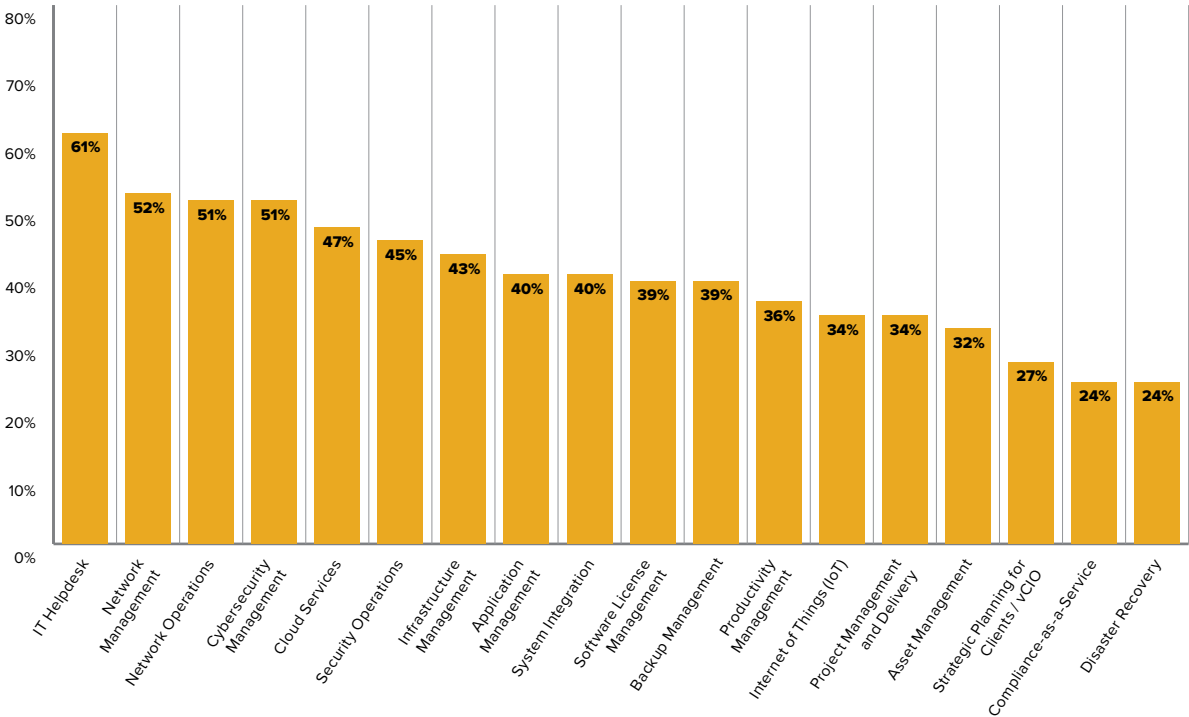
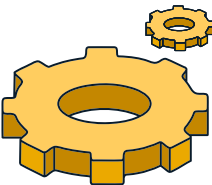
Small MSPs are slightly less likely to offer network, cybersecurity, and productivity management services, while large MSPs are more likely to offer software license management than average.

Interestingly, MSPs who offer more services overall—and less common services, like disaster recovery, productivity management, and Internet of Things (IoT)—can pull ahead of the pack in terms of overall revenue, CSAT scores, and client retention rates.

MSPs with higher revenue are more likely to offer more of the services on the list—including compliance as a service and disaster recovery—showing that giving clients a breadth of services can improve the bottom line.



Services
MSPs offer



High-revenue MSPs are more likely to offer the following services:



Cybersecurity management



Cloud services



Software license management



Productivity management



Software license management



Productivity management



Internet of Things (IoT)



Disaster recovery

MSPs with high CSAT scores and retention rates are more likely to offer the following services:

MSPs prioritize growing existing services over introducing new ones in 2025

When asked which services they intend to grow in 2025, MSPs are focusing on the top services they already offer: IT helpdesk, cloud services, cybersecurity management, network operations, and network management. This suggests MSPs aren't necessarily looking to add new services to grow their business, but want to either sell their existing offerings to new customers or expand these services among existing clients. These findings are in line with ScalePad's 2024 Trends Report, where cloud services, cybersecurity, and network management were among the top 5 services planned for growth in 2024.

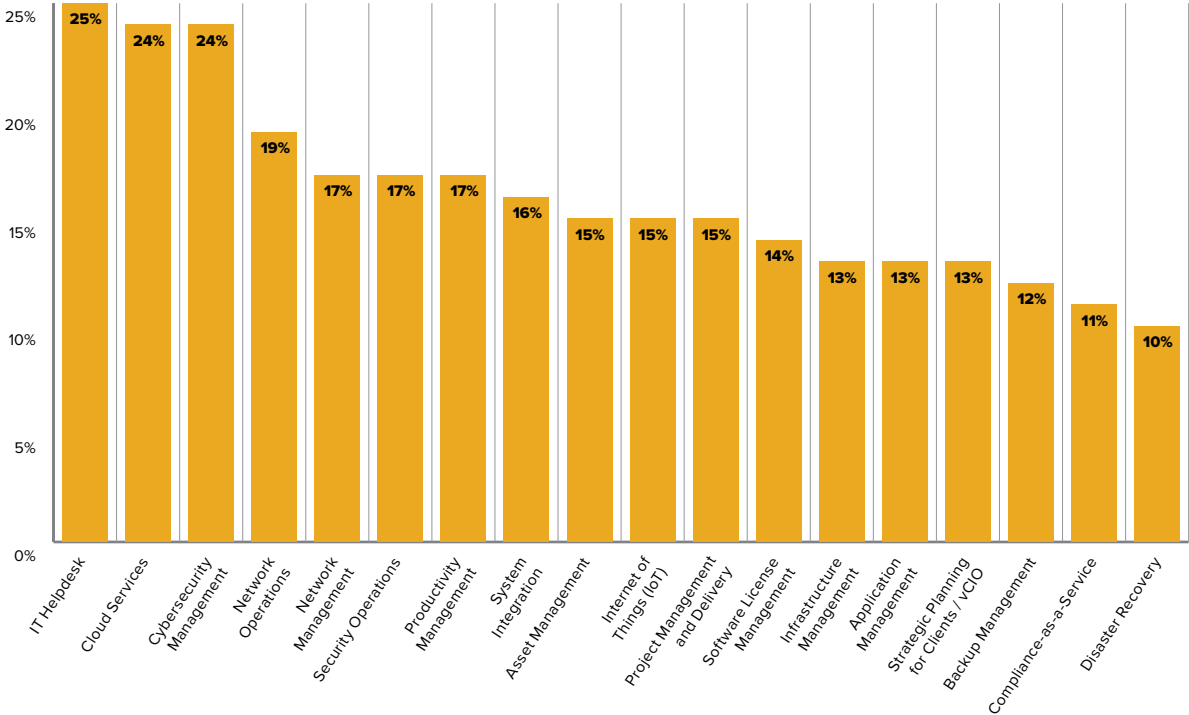
But MSPs may not want to ignore offering new services. As we saw in the previous section, high-performers across revenue, CSAT, and client retention rates are more likely to offer less popular services, like software license management, productivity management, IoT, and disaster recovery. This suggests that offering complimentary services outside of one's core services can help unlock new growth.

“We want to grow cybersecurity and compliance-as-a-service. We also want to grow contact center services and then our digital transformation and cloud transformation services. You need to have the right cybersecurity tools to make sure you’re protected. And you need tools to stay connected to your employees and your customers. Those are really the things we care about most.”



Chris Murray,
VP of Operations
Watchkeep

Services planned for growth in 2025



TECH STACK + AI USAGE

MSPs can scale their business on a lean tech stack—but high performers manage more apps successfully

The majority of respondents (61%) have 10 or fewer apps in their tech stack, with one quarter of respondents using 10–15 to serve clients. The number of apps MSPs have in their tech stack is likely to increase as the company grows, with small MSPs more likely to have 10 or less; medium MSPs more likely to have 6–15; and large MSPs slightly more likely to have 10–20. However, about a third of large MSPs only have 6–10 apps, suggesting that a lean tech stack can still help fuel growth.

MSPs who perform well in terms of CSAT, client retention, and staff utilization are more likely to have 15+ apps in their tech stack—suggesting that more apps don’t necessarily mean less efficiency. In fact, more apps may help MSPs better serve and retain clients.

When asked what their biggest challenges are in managing their techstack, MSPs listed keeping up-to-date on new tools, grappling with changing regulation and compliance needs, and the high cost of software as their top obstacles. Only 26% said having skilled labor was a key challenge.

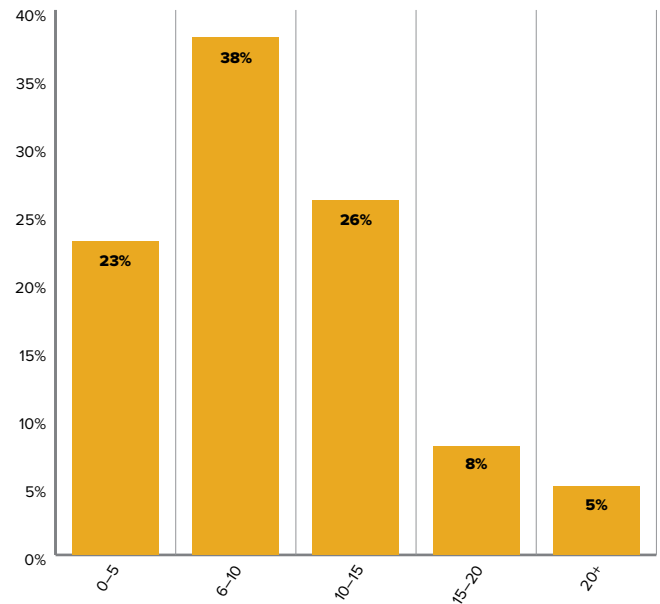
The size of an MSP didn’t greatly impact their answer—except among high-revenue earners. Smaller top-earning MSPs are more likely to rank having too many different tools as their top challenge. Medium-sized high earners are likely to say they struggled with internal security and compliance. Large high-revenue MSPs are more likely to say having skilled labor to manage their tech stack was a challenge.

“When we look at our stack, especially new tools, we ask ‘What’s the purpose of it? Does it fill a gap that we have in our portfolio today? Does it generate revenue or incur a cost?’ We’re lucky to have a dev ops team that looks at tools and determines our needs vs. nice-to-haves across a number of parameters. Then, we make a decision.”

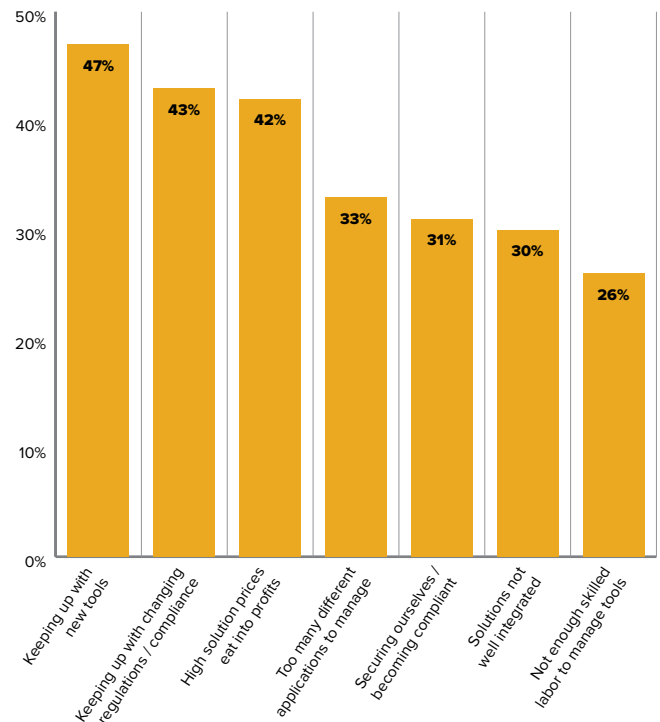


Chris Murray,
VP of Operations
Watchkeep

Number of apps in tech stack



Challenges in managing tech stack



MSPs widely adopt AI to streamline monitoring, reporting, and client engagement

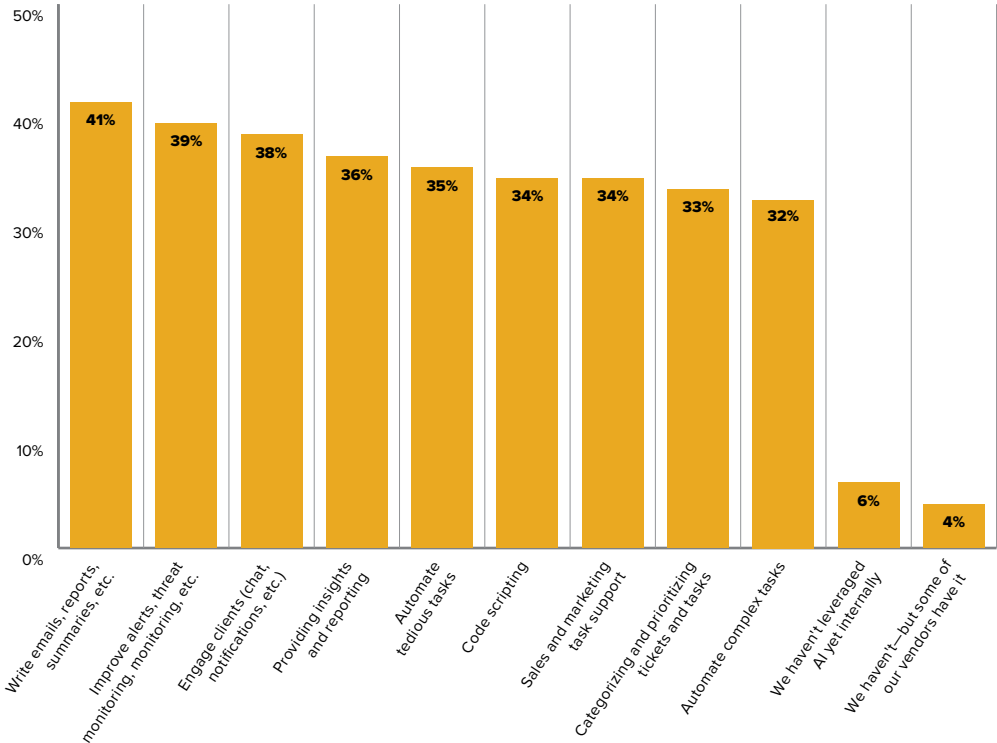
Very few MSPs haven't leveraged AI yet in their workflows (6%), and most are using it to streamline both technical and non-technical tasks. The most popular use cases for AI are streamlining communications, monitoring, and client engagement, followed closely by reporting, task automation, and code scripting.

Small MSPs are slightly less likely to be adopting AI compared to their larger peers, while larger MSPs are slightly more likely to be implementing it.

Interestingly, account managers and client success managers are less likely to say they use AI to automate tasks. This could be because their roles are more focused on directly interacting with clients. However, automating some of their tasks is likely worth exploring, since many MSPs list communications and reporting as their top use cases for AI—both of which customer-facing roles do frequently with customers.



Current uses for AI at MSPs



High performers leverage AI across a number of areas

- Those with high CSAT scores are more likely to use AI than average, especially for ticket analysis and categorization; automating complex tasks; and code scripting.
- High-revenue MSPs are more likely to use AI than average, especially for sales and marketing support.
- Those with higher ARPU and projected growth rates are more likely to use AI overall, especially for task automation.



“We’ve taken AI and combined it with Robotic Process Automation (RPA) to build internal processes, like our intelligent triage process, to improve efficiency. It helps ensure that when tickets come in, they’re getting looked at through AI, through RPA, they’re getting responded to, and then our triage manager reviews them.”



Chris Murray,
VP of Operations
Watchkeep

“I think AI can come into play for customer sentiment analysis reporting so we’re better able to verify what customers really think. You can see the trends and patterns across all the clients based on what they’re saying about you, but I have yet to see a really good sentiment analysis product. Even ChatGPT loaded into your PSA is still not perfect.”



Matthew Bookspan,
CEO
Blacktip

Chapter 4

Customer Success and Retention: MSPs prioritize client success basics, but may miss the bigger strategic picture

Many MSPs have formalized customer success initiatives in place to serve their clients. Even though they've ticked all the boxes, a third still expect to see 50% of their customers churn. However, MSPs that strategically leverage their tech stacks, teammates, and metrics to deliver an exceptional customer experience enjoy higher client satisfaction and retention rates.



CUSTOMER SUCCESS PLANNING

Formal customer success programs drive client satisfaction and growth

The vast majority of MSPs (74%) say they have a formal client success program, while larger MSPs are more likely to say they have one than their smaller counterparts. Nearly a quarter (22%) don't have a program in place but want to implement one in the future, which suggests customer success is a priority for most MSPs.

Those with formalized success programs are more likely to be high performers in other areas, including higher CSAT scores, higher project growth rates, and higher overall revenue—meaning that client success initiatives can be tied to improved financial performance.

For MSPs that don't have a formal success program, the top reasons are a lack of resources, internal knowledge, or competing priorities. Small MSPs are more likely to say it's due to lack of time or resources and slightly less likely to say it's due to limited expertise or challenges with technology—suggesting they may have a vision for building a successful program but don't feel they have the bandwidth to formalize it.



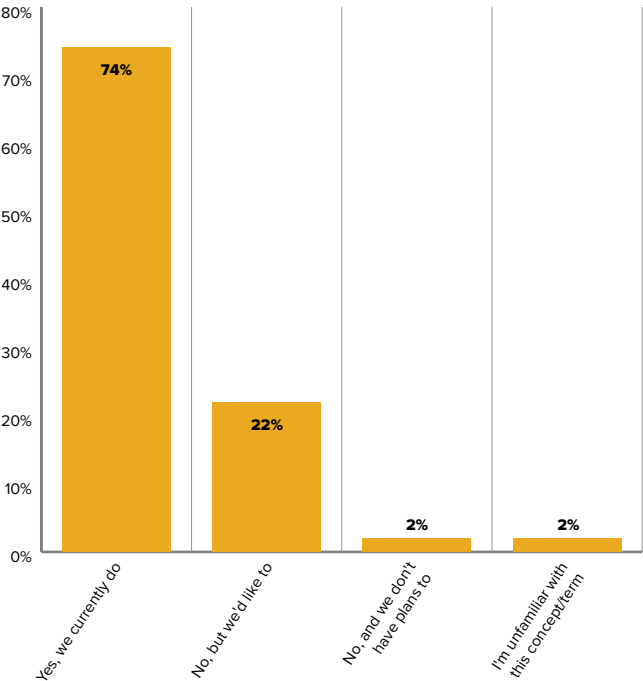
MSPs may lack solid definition of “customer success” programs

We define a customer success program as offering clients proactive, long-term technology strategies that will help them achieve larger business goals—not just their immediate IT needs.

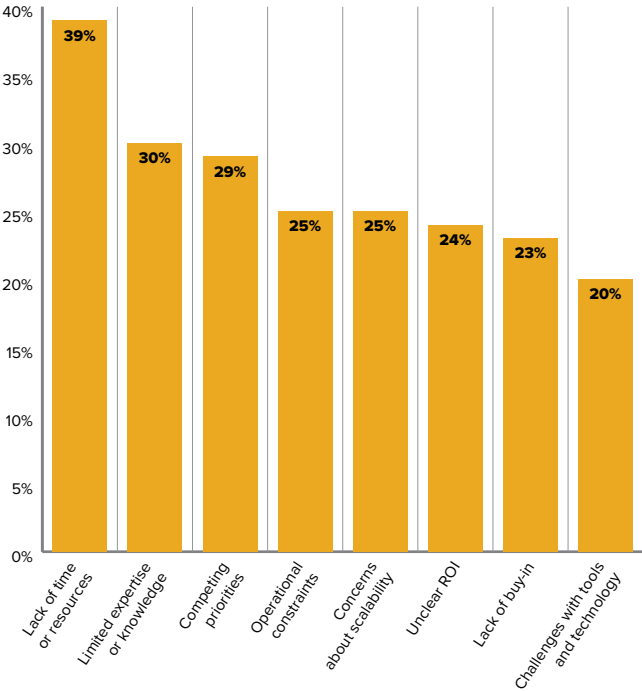
While the majority of respondents say they have a formal program in place, their answers to later questions show they may be missing some key elements of a strategic success program.

- Only half have dedicated account/customer success managers focused on client relationship-building
- Less than a fifth offer vCIO/vCISO consulting services
- A third don't create formal roadmaps or budget forecasts for clients
- Half of MSPs only meet with clients once a quarter (whereas high performers check in once a month)
- Only a third track Net Promoter Score (NPS), which is critical to understanding customer sentiment

Formal customer success programs adoption



Reasons for not having a customer success program



“We’re really big on customer success. We increased monthly recurring revenue by 55% across the board on our renewals. I attribute that to our customer success framework and processes—and, obviously, having a very good service delivery and support desk.”



Chris Murray,
VP of Operations
Watchkeep

“Our customer success program is largely changing to take on more of a vCIO role as we grow and mature as an MSP. We ask where our client’s business is going and how can we better support them—not only today but in 6 or 12 months—including what tools they’re using that they may not need anymore.”



Kendra Schaber,
Client Services Manager
Alt-Tech Inc.

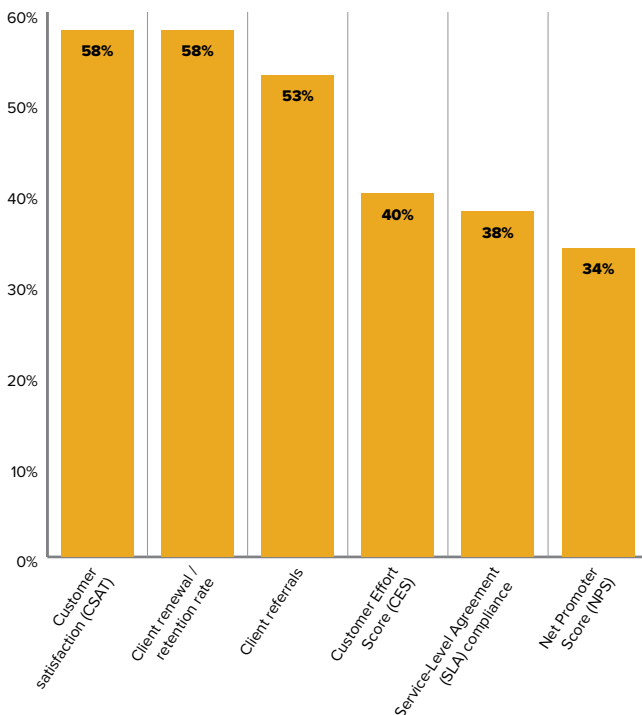
MSPs track a few key client satisfaction metrics—but high performers get clear insights

CSAT, retention rate, and client referrals are the most common customer satisfaction metrics tracked by a little over half of respondents.

MSPs with best-in-class CSAT scores are more likely to track customer effort score, SLA compliance rate, and NPS, demonstrating that a more in-depth approach to measuring the client experience can lead to improved satisfaction. Those with higher ARPU and recurring revenue are also more likely to track more client satisfaction metrics overall, tying an accurate picture of client satisfaction to better profitability.



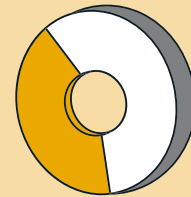
Customer satisfaction metrics tracked



"We look at our CSAT scores pretty closely and we do the typical survey after a ticket. We show everybody the scoreboard, and we actively work to keep that in the upper range. We also do Net Promoter Scores that are just more general to look at the bigger picture. But that may not be addressing sort of the bigger picture and maybe the client isn't really having their needs met, even though you might think they are because each little interaction went well. We want to know that."



Ann Westerheim,
Founder & President
Ekaru



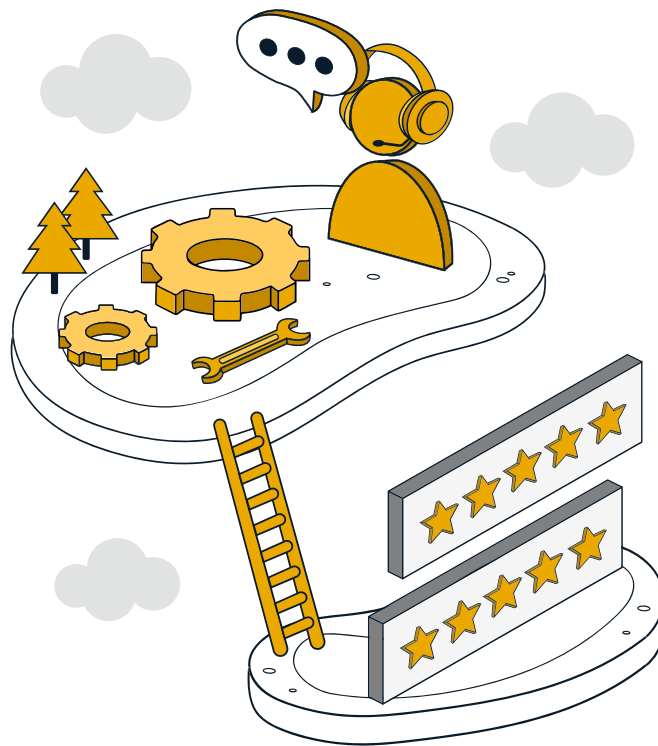
Only about a third of MSPs (34%) track Net Promoter Score—a key indicator of a client's desire to refer others to you. MSPs should track this metric so they can acquire new clients through referrals (instead of focusing solely on sales and marketing spending, like they plan to in 2025).

Dedicated customer success managers—and cross-team support—create better client experiences

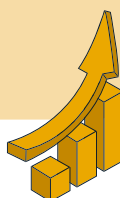
A little over half of MSPs have dedicated customer success managers or account managers to own their customer success function. This was followed closely by technical roles and shared success or account managers. Since participants could choose multiple owners, it appears that most MSPs consider several roles to be responsible for customer success.

MSPs with high staff utilization, client retention rates, and CSAT scores are more likely to say leadership is an owner of customer success—meaning that executive involvement in success programs can drive service efficiency and reduce client churn.

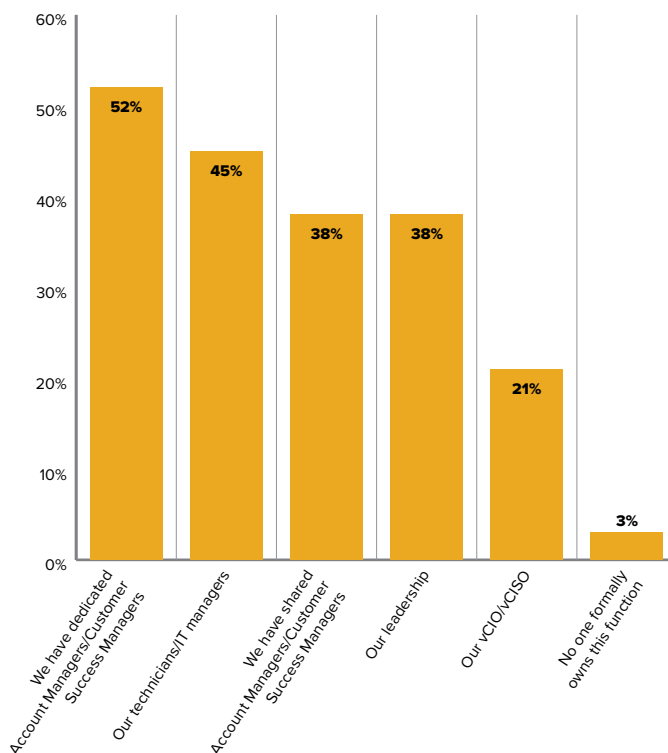
Nearly half (49%) of those in technical roles see themselves as responsible for customer success. However, those in customer-facing roles are much less likely to say that technical roles are co-owners of customer success. This could be chalked up to a lack of shared understanding of what responsibility of this function means, or it could indicate that customer-facing roles don't feel that technical team members are contributing as much to client success initiatives.



High CSAT performers are more likely to have dedicated roles owning their success programs. But they're also more likely to say their leadership and technicians are responsible, too—showing that a cross-company commitment to client success can boost satisfaction.



Role responsible for customer success management



CLIENT ENGAGEMENT

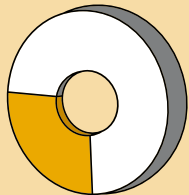
MSPs focus on client communication to drive success—and overlook the most impactful program

MSPs appear to use a number of tactics to drive customer success. The most common ones are regular business reviews (54%), regular feedback sessions or loops (50%), and strategic consulting services (49%). vCIO/vCISO programs are the least common (24%).

Top-earning MSPs are more likely to offer a vCIO/vCISO program than average, indicating that a more holistic, strategic approach to client engagement can increase revenue. Those with higher projected growth rates are also more likely to have a vCIO/vCISO program in place as well as educational resources for clients—suggesting that customer education can help scale future growth.

Those with the highest CSAT, retention rates, and staff utilization rates are more likely to prioritize regular feedback sessions or loops with their customers, so MSPs shouldn't discount how consistently soliciting client insights can improve not only the client experience but your team's ability to more efficiently serve them.

Smaller MSPs are less likely to offer formal roadmaps, onboarding, education, and/or vCIO/vCISO programs to their clients, which could put them at a disadvantage in terms of driving customer success. However, when we look at small MSPs with the highest revenue, they're much more likely to have a vCIO/vCISO program, suggesting that this type of investment may have a more immediate impact than other initiatives. Larger, high-revenue MSPs are more likely to have more initiatives in place, including formal onboarding, technology roadmaps, and a vCIO/vCISO program.


24%

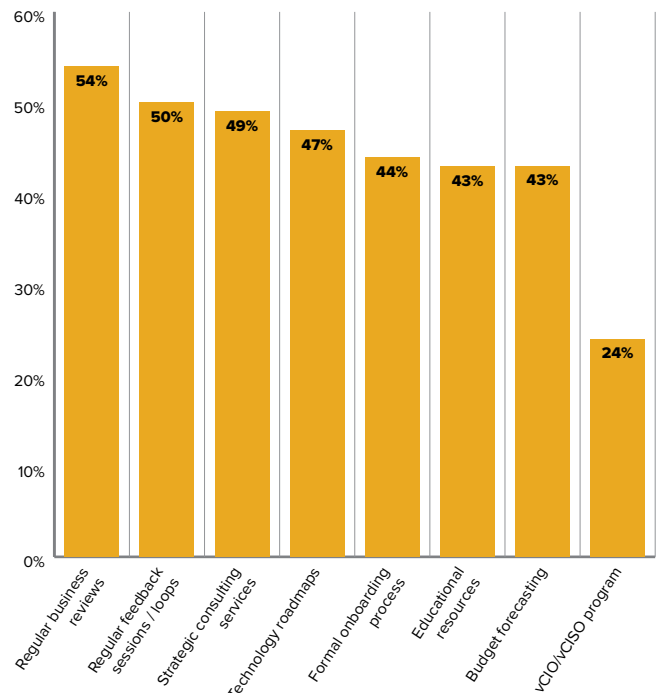
Of MSPs offer vCIO/vCISO programs—even though they're associated with higher client satisfaction and revenue.

“vCIO is a paid service, and clients don’t necessarily have the budget for it, so we don’t have a ton of them that are actively using vCIO right now. But as our team gains time because of some changes as we move to the cloud, vCIO is going to become more available as an option.”



Kendra Schaber,
Client Services Manager
Alt-Tech Inc.

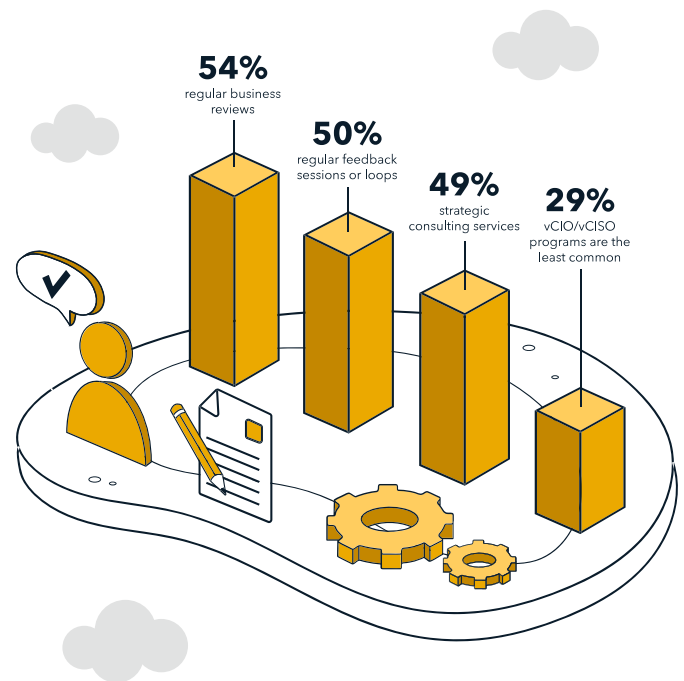
MSP customer success initiatives



“We do use roadmaps a lot because we don’t want to intimidate people. We try to meet people where they’re at and then talk about a roadmap. There might be a budgetary issue that they might not want to talk about. I’ve found talking about a roadmap just takes that pressure off, as we never want to put somebody on the spot.”



Ann Westerheim,
Founder & President
Ekaru



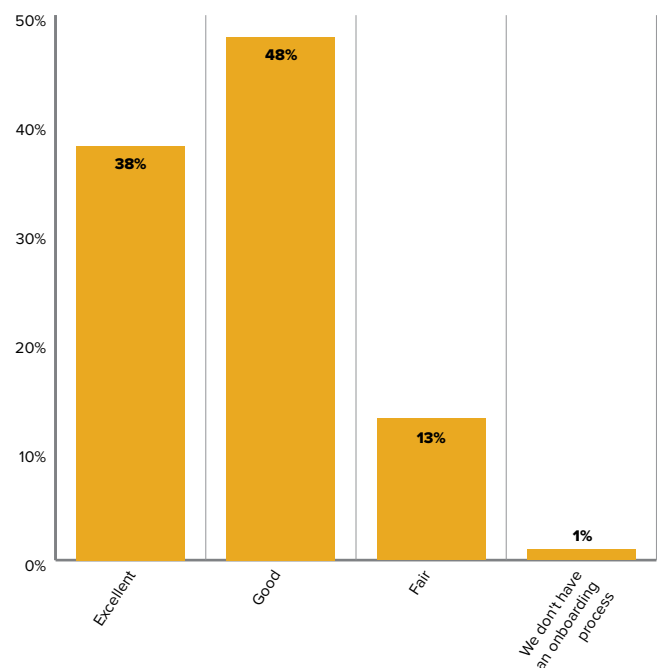
MSPs feel client onboarding is their strong suit, but small MSPs struggle to define their process

Nearly half (48%) of MSPs rate their client onboarding process as good, while 38% consider themselves excellent at it. Very few (13%) consider it fair.

Unsurprisingly, those with higher CSAT scores are more likely to have an excellent rating, implying that starting relationships off on the right foot can provide a halo effect for overall client satisfaction. Those with high staff utilization rates are also slightly more likely to have excellent onboarding, suggesting that thoughtfully setting clients up for success early can potentially improve staff productivity down the line.

Results are the same across MSPs of every size, suggesting that large and small businesses pay special attention to client kick-offs. However, small MSPs are less likely to have formal onboarding mapped out, and even high-revenue earners are more likely to only rate their onboarding as good instead of excellent. This suggests small MSPs may want to invest more in formalizing their onboarding practices so they can drive positive client outcomes from the start and punch above their weight.

Overall rating of onboarding processes



“One of the things we find when onboarding new clients is that there are lots of things even they don’t know. So MSPs may not be giving themselves ‘good’ scores because they tend to find so many things once they actually get into the client’s environment.”



Kendra Schaber,
Client Services Manager
Alt-Tech Inc.

“There’s always something you’ll learn about the environment later. It may not need to be addressed right away or it may not be obvious. But we might also discover something that we think is a giant risk. Then we’re putting all of our tools in place, getting our reporting going, and getting our documentation done to finish onboarding and address the problem.”



Ann Westerheim,
Founder & President
Ekaru

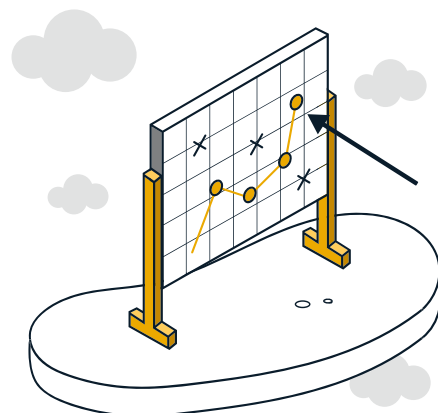
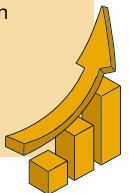
Formal client roadmaps are common and expected by large MSP clients

The majority (68%) of MSPs offer formal roadmaps and budget forecasts to their clients. Nearly a third (27%) say they have internal roadmaps that they don’t necessarily show clients to guide their planning, while only 5% don’t produce any at all. Those with high CSAT scores are more likely to offer formal, customer-facing roadmaps, meaning that seeing a future-based, big-picture IT plan is important for driving client satisfaction.

Smaller MSPs are more likely to not have any roadmaps, while larger MSPs are much more likely to have client-facing plans and forecasts. When looking at revenue high-performers, both large and medium-sized MSPs are more likely to have customer-facing roadmaps and budgets, while small high-earners are more likely to have informal plans than none at all. This suggests that clients may expect formal roadmaps from larger MSPs but be ok without seeing them when working with smaller MSPs.

MSPs may need cross-functional alignment on roadmaps

Interestingly, IT/technical team members and customer-facing roles (success managers and account managers) are less likely to say their MSP offers formal roadmaps to clients than other groups. If managers and executives want to improve client service, they may want to ensure that all levels of the organization have a clear vision for long-term customer planning and growth.

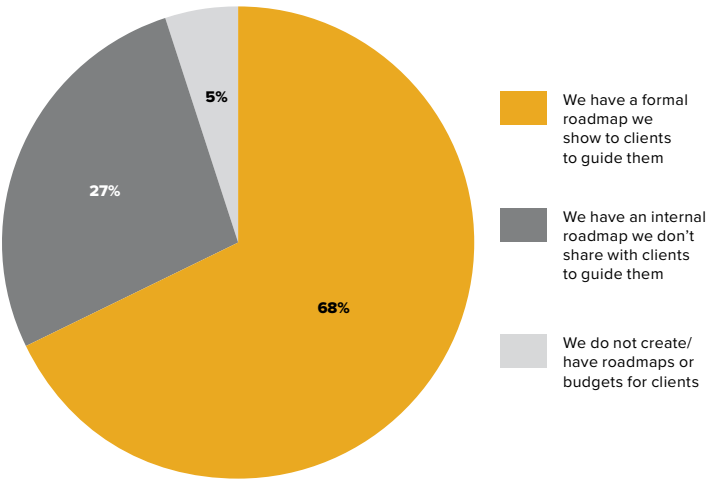


“We have internal goals for all of our clients. We strategically push those out based on our support hours being spent and what we know of our client’s budget. So, while we roadmap for our clients, we work with them strategically to go with what makes the most sense—and what their budget can handle.”



Kendra Schaber
Client Services Manager
Alt-Tech Inc.

Formal roadmap for clients

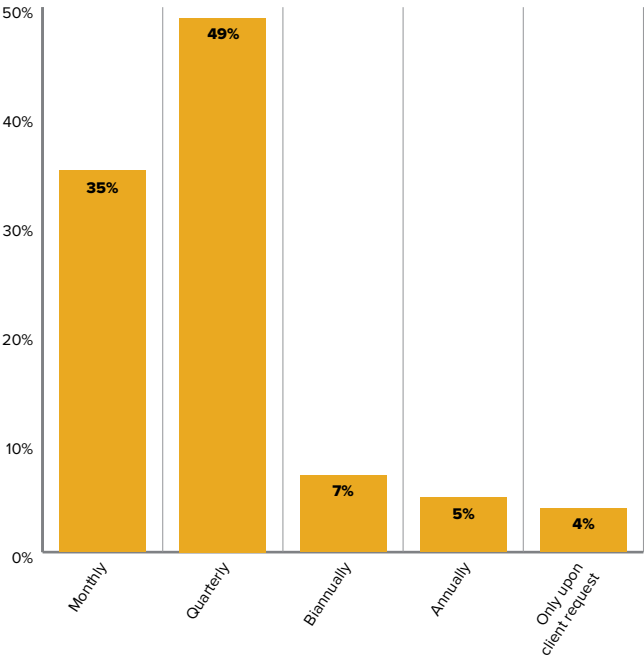


Quarterly business reviews are standard for MSP clients—but some high performers meet more frequently

Nearly half (49%) of survey respondents conduct client business review meetings quarterly. A little over a third (35%) do monthly meetings, while a small amount (16%) do fewer or only meet upon client request.

Does having more customer touchpoints impact client satisfaction? Those best-in-class CSAT scores, the highest project growth rates, and small, high-earning MSPs are more likely to conduct monthly reviews, suggesting that more frequent meetings can make sense, depending on the needs of the client and an MSP’s business model.

Client business review meeting frequency



“We have a defined process of how we manage our customers based on size, and we schedule our QBRs based on these different client segments. Then we figure out how many business reviews make sense and what that business review should look like. We always put the customer at the center of everything.”



Chris Murray,
VP of Operations
Watchkeep

“We have a defined process of how we manage our customers based on size, service type and spend. We schedule our QBRs based on these different client segments, frequency of reviews or touchpoints and what that business review should include. We always put the customer at the center of everything.”



Kendra Schaber
Client Services Manager
Alt-Tech Inc.

More data is better when it comes to showing clients value

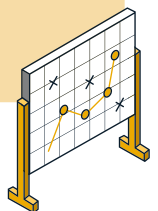
When asked what metrics MSPs share with clients to show them the value of their work, the most popular data points are project updates, software insights, and proactive monitoring reports. Hardware or infrastructure lifecycle data, ticket insights, and threat remediation are the least popular metrics to show clients.

MSPs with the highest CSAT, retention rates, and staff utilization rates are more likely to show their clients ticket insights and hardware or infrastructure lifecycle data, as well as other metrics. This suggests that tracking and sharing more insights overall can help clients see more value—and allow staff to focus their efforts more wisely.



Individual technical roles may have a different approach to client engagement than their managers

Those in technical execution roles are more likely to say they only meet with clients once a quarter or upon request compared to technical management roles. They're also less likely to focus on sharing hardware or infrastructure lifecycle data and ticket insights with clients, and they're less likely to say they have roadmaps to show clients. Since technical teams play a key role in driving customer satisfaction, MSPs should ensure every level of their organization has a clear, shared vision of how they plan to engage clients and deliver value.

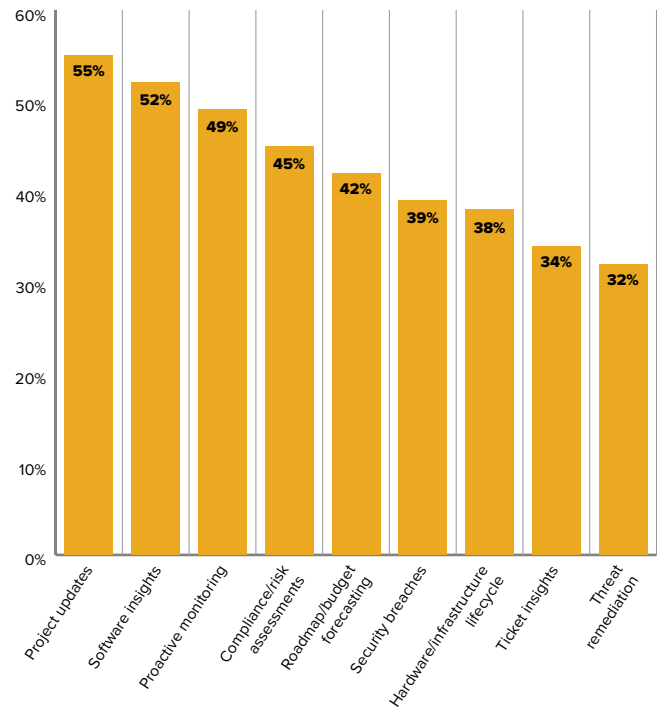


“We view it as our clients are paying us for a service. We need to make sure that they understand the value in that service. So when I meet with a client, we’re talking about the issues that they’re seeing. We want to show them that everything that we’ve said we’re going to do, we are doing. If they want to filter that information on their side, that’s totally their choice, but getting it in their hands is a trust builder.”



Kendra Schaber,
Client Services Manager
Alt-Tech Inc.

Metrics MSPs share with clients



Customer-facing roles have a different view of client success



Customer success managers and account managers see their client success initiatives in a harsher light than their technical and executive counterparts. MSPs should investigate this lack of alignment so they can better understand how to improve the customer experience (from the team members who are closest to clients).

Customer success managers and account managers are:

- Slightly more likely to say don't have a formal customer success program—and more likely to say they don't have one because of competing priorities or a lack of buy-in
- Less likely to say they track CSAT and NPS metrics—and more likely to say their CSAT scores are average
- Less likely to say they have formal client roadmaps or renewal strategies in place
- Less likely to say they're 'excellent' at showing clients the value of their work

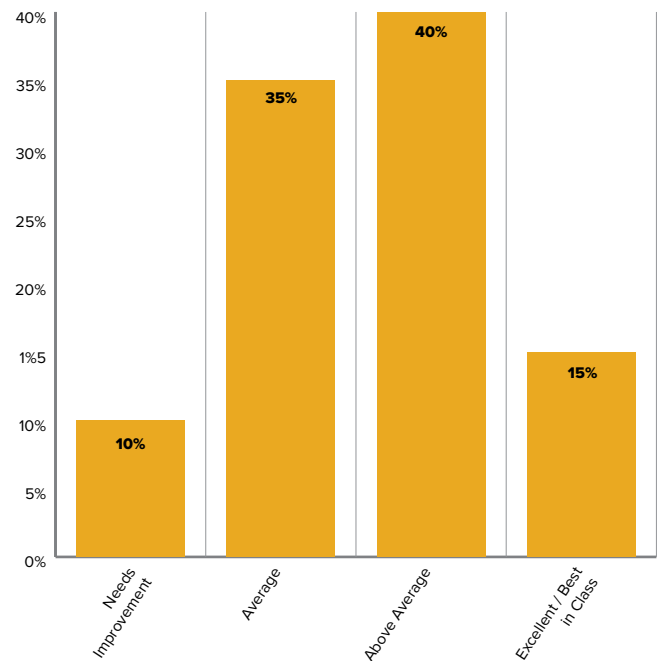
SATISFACTION AND RETENTION

High CSAT scores tied to higher revenue, client retention, and staff productivity

Over 40% of MSPs report their customer satisfaction (CSAT) scores are above average, while just 15% have best-in-class scores.

Those with the highest CSAT scores are slightly more likely to have higher annual revenue and recurring revenue rates than average. They're also more likely to be projecting growth rates of 51%+ for the year ahead—showing that client satisfaction can impact the bottom line. High CSAT scorers are also more likely to have higher client retention rates and staff utilization rates, both of which help a business remain more efficient and profitable.

Average customer satisfaction (CSAT) scores



But what are high-scoring MSPs doing differently? There are a few areas they tend to excel in:

1. Formalizing customer success initiatives and ownership.

They're more likely to have a formal customer success program, high-quality onboarding, and recurring touch-bases with clients. They're also more likely to have dedicated customer success managers, account managers, and/or a vCIO/vCISO roles in place who are responsible for their customer success initiatives—which allows them to deliver superior results to clients.

2. Offering a breadth of services to clients.

Those with higher scores tend to offer more services overall—including less common services, like disaster recovery, productivity management, and Internet of Things (IoT)—to their clients. This suggests that when MSPs act as a one-stop shop for their clients, they can expect more satisfaction.

3. Using a variety of technology to support customers.

High CSAT scorers are more likely to have 15+ apps in their tech stack, including virtual CIO software, documentation software, and business intelligence and reporting tools. They're also more likely to use AI for ticket management, and slightly more likely to use it for a variety of technical and non-technical task automation than average. This suggests that leveraging more technology can help MSPs create superior client experiences at scale.

4. Tracking more client-centric metrics.

High scorers are more likely to track two metrics related to the client experience—SLA compliance rate and Net Promoter Score (NPS)—than average performers. They're also more likely to share additional insights with their clients (like hardware/infrastructure lifecycle data and security breach details) and rate their ability to show clients value as 'excellent'—implying that more expansive data tracking has a role to play in enhancing client satisfaction.

5. Taking a consultative approach to client success.

Those with best-in-class CSAT are more likely to offer formal roadmaps and budget forecasts to guide clients. They're more likely to have monthly review meetings with clients (vs. quarterly, the most common timeframe) and have formal retention, upsell, and cross-sell strategies in place. It appears that building a long-term vision for client growth and expansion can drive more satisfaction than technical support and delivery alone.

In summary, high CSAT scorers take a strategic approach to customer success and, ultimately, become consultative partners to their clients. And they leverage a variety of services, solutions, and metrics to deliver exceptional customer experiences.

Those with best-in-class CSAT scores are more likely to:

- Have a formal customer success program and client renewal strategies in place
- Have dedicated customer success managers, account managers, and vCIO/vCISO roles
- Offer more services (including less common services) to their clients
- Leverage more solutions and artificial intelligence for task automation
- Create formal roadmaps and meet with clients monthly to review them
- Rate their onboarding process and client reporting as 'excellent'



“I look at CSAT in two ways. First, I obviously look at the score itself. The second thing I look at is the response rate. I think a 22% response rate is the industry average. We’re at 49%, which tells me that my customers are engaged, and I have a 98% CSAT rating as well. I’m extremely proud of how engaged my customers are with the business.”



Chris Murray,
VP of Operations
Watchkeep

“I think CSAT numbers are a misnomer. If you do 500 tickets a month but have a 3% response rate, your CSAT scores aren’t statistically valid and you didn’t succeed, even if you got 100% satisfaction on them. Of all the CSAT scores we get, I’d say about 40% add comments, which is uncommonly high. But they’re actually saying what they think and that sentiment is more useful than a score.”



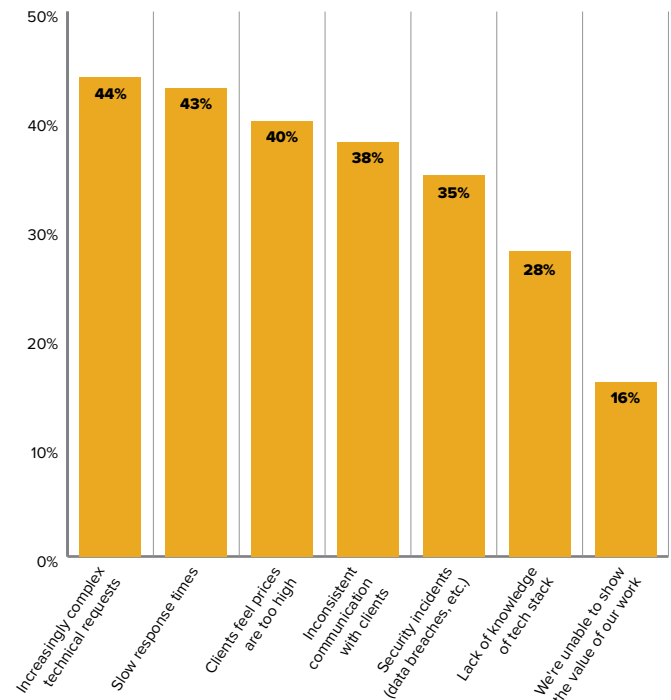
Matthew Bookspan,
CEO
Blacktip

Technical complexity, slow service, and high costs negatively impact client satisfaction

When those with average or poor CSAT are asked what was preventing them from improving client satisfaction, the top response was the increasing complexity of client requests—meaning teams may need more technical proficiency to better serve clients.

The other top impediments to higher CSAT are slow response times and clients feeling costs are too high. MSPs should explore ways to scale ticket management and staff efficiency without raising costs. Better tracking staff utilization and using AI to streamline workflows should be priorities for low performers.

Impediments to improved customer satisfaction



A third of MSPs struggle with client churn

About a third of MSPs (36%) have customer retention rates below 50%—meaning they have to replace half of their clients annually. This may explain why more MSPs are investing in more sales and marketing hires in 2025. However, since acquiring new customers can be expensive and resource-intensive, MSPs could perform better financially by focusing on improving client retention.

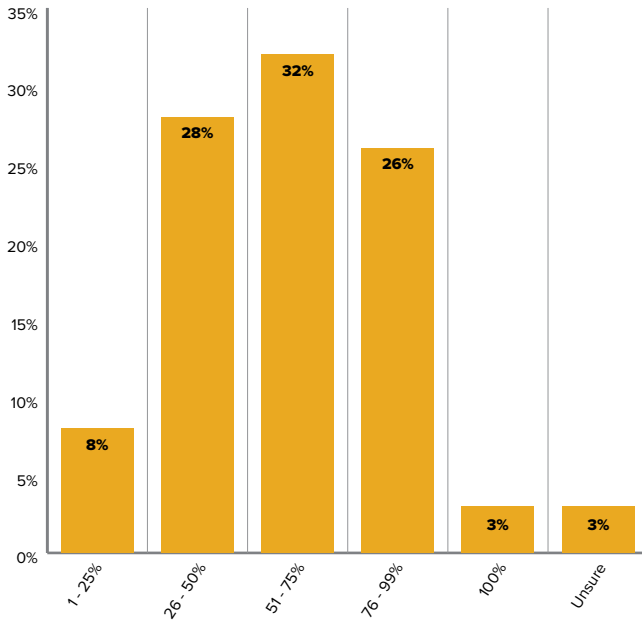
Nearly a third (29%) of respondents had retention rates of 76%+ (which is considered high performance). Those with the highest revenue and ARPU are more likely to have retention rates above 50%, implying that maintaining long-term client relationships is key to profitability.

But what drives better client retention? Those with the highest CSAT scores and staff utilization rates are more likely to report retention rates in the 76%+ range—suggesting that a formalized client service strategy and highly productive staff can foster long-term customer relationships.

Those with best-in-class customer retention rates are also more likely to track more service-focused operational metrics (including ticket volume, average first response time, average resolution time, service uptime, and mean time and between failures), which suggests having a more in-depth view of the client experience can help drive long-term relationships.



Customer retention rates



“After five years with Alt-Tech, I still have 95% of the clients that I started with. I think that’s from the partnership, communication, candidness, and transparency we bring. We’re always getting in front of our clients to meet with them. We don’t hide behind a screen, which I think is a big differentiator.”



Kendra Schaber,
Client Services Manager
Alt-Tech Inc.

Those with best-in-class customer retention rates are more likely to track the following metrics—suggesting a holistic view of client service can drive long-term relationships.



Ticket Volume



Average First
Response Time



Average
Resolution Time



Service Uptime



Mean Time and Between
Failures (MTBF)

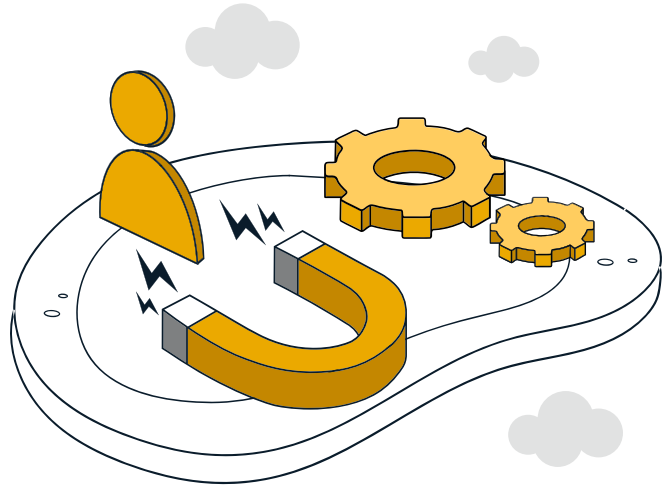
Executives are more likely to report having best-in-class retention rates than other groups—meaning they may have an overly positive outlook or have access to customer data their employees don’t. They should seek alignment with client-facing teams so everyone is focused on the right areas of the business.



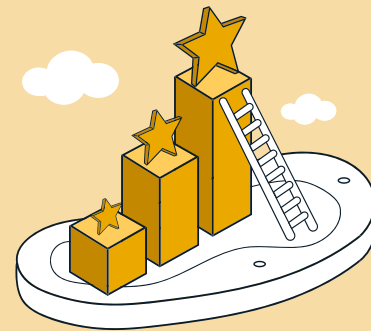
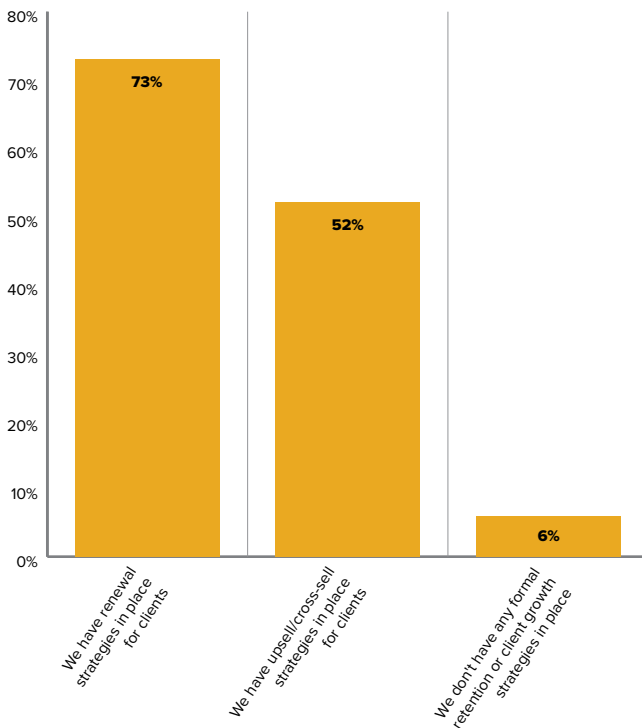
MSPs focus on retention efforts; Only half have client expansion initiatives

The majority of MSPs (73%) have specific strategies to drive client contract renewals, but only a little over half (52%) have implemented specific upsell or cross-sell strategies. MSPs with the best CSAT scores are more likely to have both formal renewal strategies and upsell/cross-sell strategies in place for their clients—suggesting that pitching clients on how you can better serve them with more offerings can lead to improved satisfaction.

Small MSPs are slightly less likely to have formal renewal programs in place, and more likely to have no formal programs for client expansion or growth. These may be areas for them to explore so they can retain clients and continuously grow instead of chasing new customers (which can be costly and resource-intensive).



Retention initiatives planned by MSPs



73% of MSPs have strategies for driving contract renewals—but only 52% have upsell or cross-sell strategies, even though both are tied to higher client satisfaction.

Chapter 5

Client acquisition and growth: High costs and competition plague industry, forcing MSPs to lean into the client experience in 2025

MSPs say that a competitive market, increasing costs, and shrinking client budgets are a challenge to their operations in the year ahead. Despite these headwinds, MSPs plan to focus on service delivery, strategic planning, upskilling employees, and becoming a more consultative partner to clients to drive success.



SALES + MARKETING PLANS

Large sales teams can drive more revenue—but they may not impact client retention efforts

When it comes to sales staff, the majority of MSPs have either 2-5 (37%) or 6-10 (36%) dedicated sales staff. About a fifth (19%) have a sales team of 10+ members.

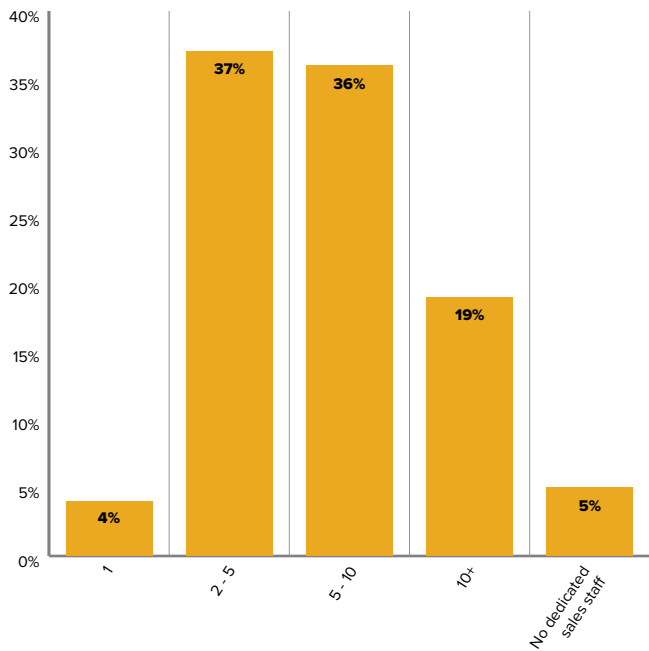
Small MSPs are more likely to have 1-5 sales staff members. Medium are slightly more likely to have between 2-10 sales staff, while large are much more likely to have 10+ sales team members. MSPs with the highest revenue are more likely to have more sales team members overall than their lower-earning counterparts of the same size—which implies that more sales team members can bring in more business.

MSPs with the highest projected growth rates are much more likely to have a larger sales team of 10+ team members—suggesting that MSPs who invest in sales expect to bring in more clients (and, ultimately, revenue). Interestingly, those with the highest ARPU are more evenly split across sales team sizes, suggesting that MSPs don't necessarily need a large sales function to charge top prices and be efficient.

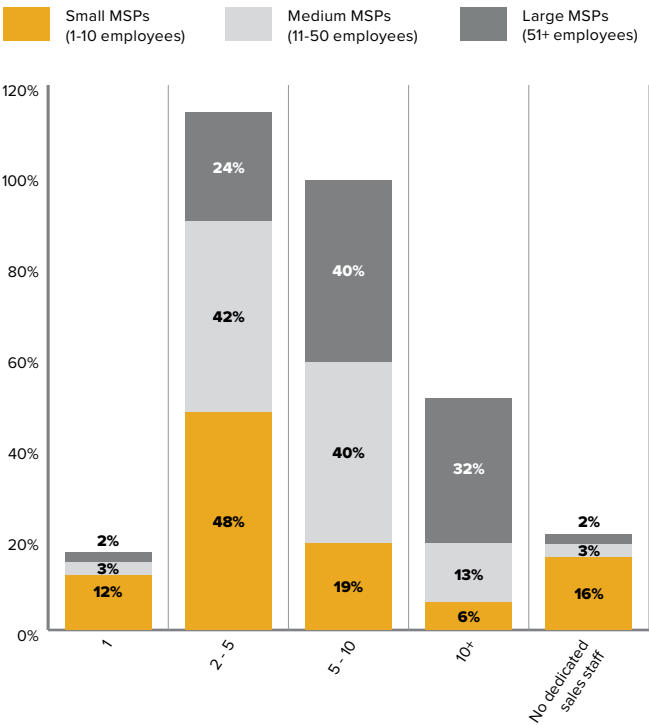


MSPs with high client retention rates are slightly more likely to say they don't have dedicated sales staff. This could mean that executives, technical staff, or account/success managers can build long-term customer relationships as well (or better) than sales staff alone.

Number of dedicated sales staff



Number of dedicated sales staff



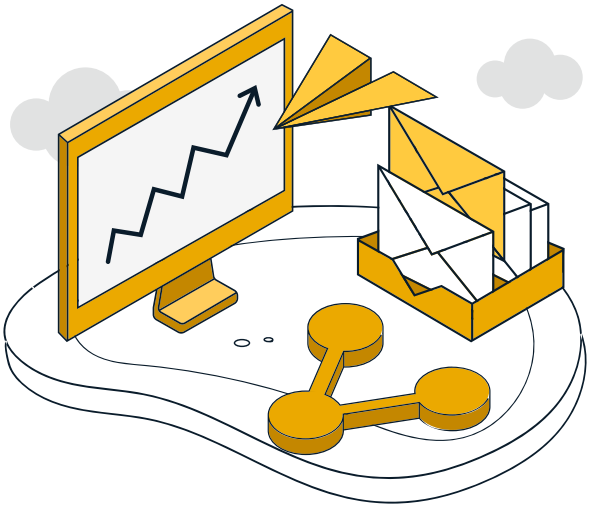
High-performing MSPs bet big on marketing investments

Most MSPs dedicate anywhere from 10-35% of their total budget to their marketing efforts. Small MSPs are more likely to only allocate 1-10% of their budget toward marketing.

However, when looking at top revenue earners, we found that investing more in marketing is likely driving financial performance. Small, high-revenue MSPs are slightly more likely to use 35- 50% of their budget for marketing, while large high-earners are slightly more likely to set their marketing budget at 50%. Those with high projected growth rates are also much more likely to allocate 35-50%+ towards marketing.

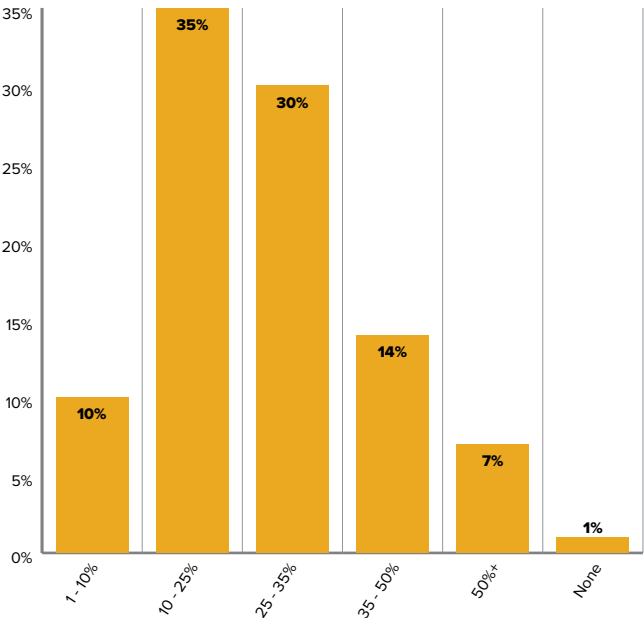
Quality marketing may also have an impact on customer success and churn, since MSPs with the highest CSAT and client retention rates are much more likely to devote 50%+ of their budget to marketing.

Interestingly, those with high staff utilization rates are much more likely to have marketing budgets in the 50%+ range. While it's difficult to see a clear connection between marketing spend and staff productivity, it may be that MSPs who prioritize investing in different areas of their business—from the sales experience to service delivery—are more efficient and performant overall.



10-35%
The most common percentage of total budget MSPs spend on marketing

Percentage of total budget allocated to marketing efforts



“25-30% sounds high. I would say closer to the lower end of 10% up to 25% seems right. We have two people on the marketing team: one working on the digital side and the other doing follow-ups, calls, and invitations to webinars. We’re trying to be disciplined and consistently have activities going on in sales and marketing.”



Ann Westerheim,
Founder & President
Ekaru

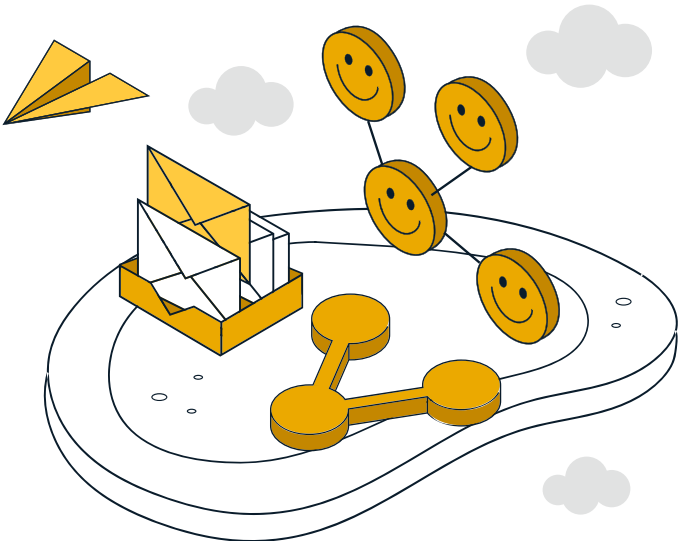
Client referrals still the top growth channel for MSPs in 2025

A little over half of MSPs (53%) say that client referrals and word of mouth is their top growth channel. This was followed by social media and PR (at 46%) and paid advertising and sponsorships (at 39%). Only about a quarter (26%) of MSPs have mastered using SEO and content marketing (the least popular response) to acquire new customers.

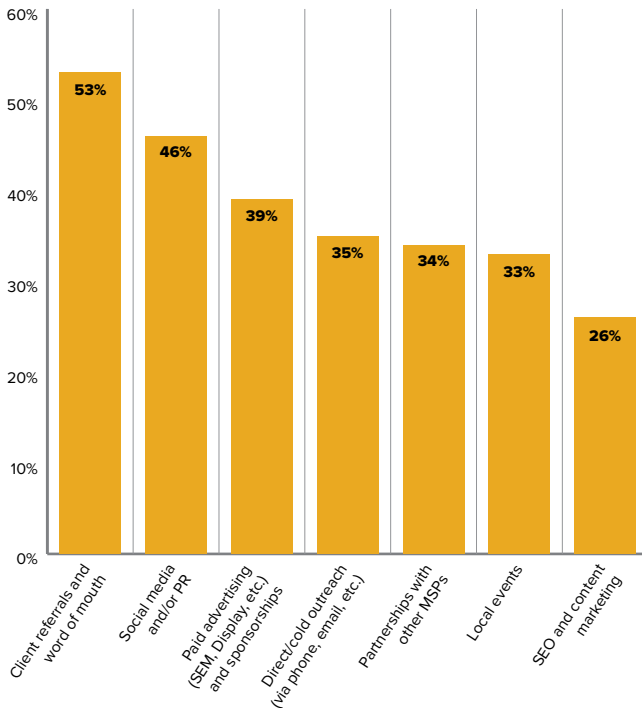
Small MSPs are much more likely to rely on referrals and word of mouth, and they’re much less likely to be successfully using paid advertising to grow. Large MSPs are slightly more likely to say paid advertising is a top channel. Interestingly, when we look at high-earning MSPs by size, small MSPs are likely to say paid advertising is a top channel, while larger high-revenue earners are more likely to say SEO, content marketing, and partnerships are their top levers. This suggests that, regardless of the size of your organization, you can still effectively invest in any marketing channel to drive growth.

Those with the highest projected growth rates and staff utilization rates are more likely to say direct/cold outreach was a key growth tactic, suggesting that some MSPs still feel that traditional human outreach is the best way to acquire new clients.

MSPs with the highest customer retention rates are more likely to rely on client referrals and less likely to rely on paid advertising to grow—showcasing how increasing word of mouth can reduce spend on other areas

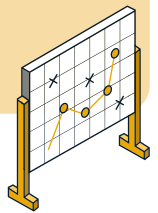


Top growth channels for MSPs



MSPs rely on referrals—but don't track their clients' willingness to refer

53% of MSPs say client referrals are their top growth channel—but only 34% track Net Promoter Score (NPS), which is a measure of a client's willingness to refer your business to peers. MSPs who rely on referrals for growth should send NPS surveys to customers and then proactively reach out to their high scorers (9s and 10s) to ask for a referral.



“Referral partners are a huge opportunity for MSPs, and I think that client referrals is our top growth channel. But we definitely get leads from marketing too. We’ve gotten leads from our logo being on the boards at Edmonton Oilers’ games.”



Kendra Schaber,
Client Services Manager
Alt-Tech Inc.

“Referrals are always important, but to grow, you have to go beyond them. We’ve been doing content marketing. It drives traffic and folks often want to check us out online to see if we offer helpful information. It shows we know what we’re talking about.”



Ann Westerheim,
Founder & President
Ekaru

Competition and pricing are top obstacles to client growth

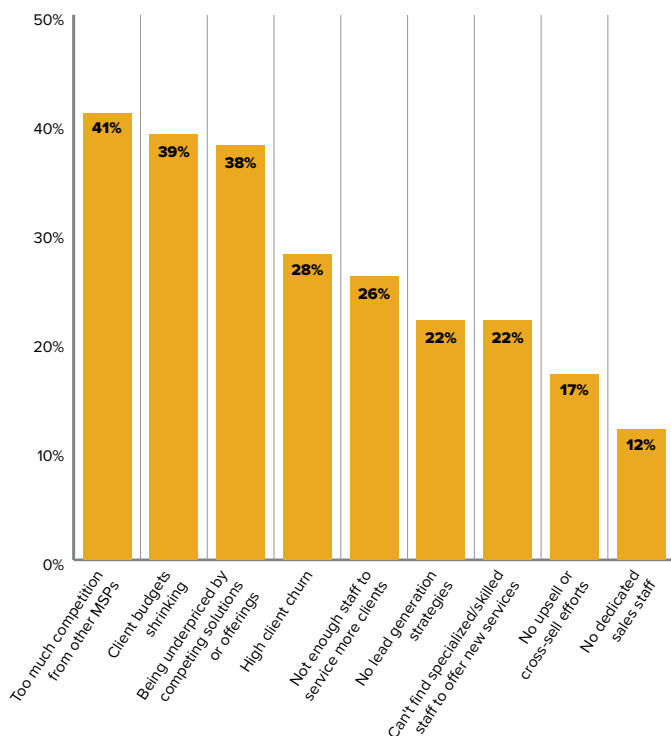
The biggest challenges MSPs say they face when it comes to acquiring new customers are too many competitors in the market (41%), shrinking client budgets (39%), and being underpriced by competing solutions or firms (38%).

Less than a quarter felt that a lack of upsell/cross-sell initiatives (17%) or lack of dedicated sales (12%) staff are impeding client growth. Since this report found that having formal client expansion tactics and more sales staff can drive revenue—on both the existing and new customer fronts, respectively—MSPs should explore whether these initiatives could help them overcome competitors or tight budgets.

Smaller MSPs are more likely to say not having sales staff is hindering growth. Since small MSPs with high annual revenue are more likely to invest in marketing, other small businesses may want to explore if certain marketing channels can drive growth better than outreach from additional sales staff. Large MSPs are slightly more likely to say being underpriced and too much competition are their top issues. This suggests that small firms could win accounts from bigger MSPs based on price—if their service offering is right. Since top-earning small MSPs are more likely to say they struggle to find specialized/skilled staff to offer new services, they may need to shore up their technical capabilities first.



Challenges to acquiring and growing clients



Those with the highest projected growth rates are more likely to say client churn is an issue. Since these MSPs are also more likely to have larger sales teams and marketing budgets, they may want to redistribute their resources to help with customer retention (not just earning new business).



“There are a million clients out there that wish they didn’t have to spend money on IT—so that’s a constant problem. And it probably won’t go away. They see it as a cost instead of an investment in their own growth—and the challenge is we need to make them see it otherwise.”



Darrin Leblanc,
Vice President Biz Development
& Operations
EPK Solutions

“I think one growth challenge is there’s a lot of noise in the industry. Also, the complexity of keeping up with technology is tough because things are moving so fast. People are looking for us to be technology advisors who can give advice on a broad range of things. It’s hard to do well.”



Ann Westerheim,
Founder & President
Ekaru

MSPs bet on improving the client experience and increasing operational efficiency to get an edge in 2025

32% of MSPs feel they’ll gain the best advantage in the year ahead by focusing on both the client experience and their operational efficiency. The next two top advantages are controlling costs and expanding service offerings, at 27% each. Toward the bottom of the list are improving reporting (18%), updating the business model (17%), or acquiring other businesses (13%). Since MSPs who track more metrics tend to outperform their peers in a number of areas, developing better reports should be a higher priority for MSPs.

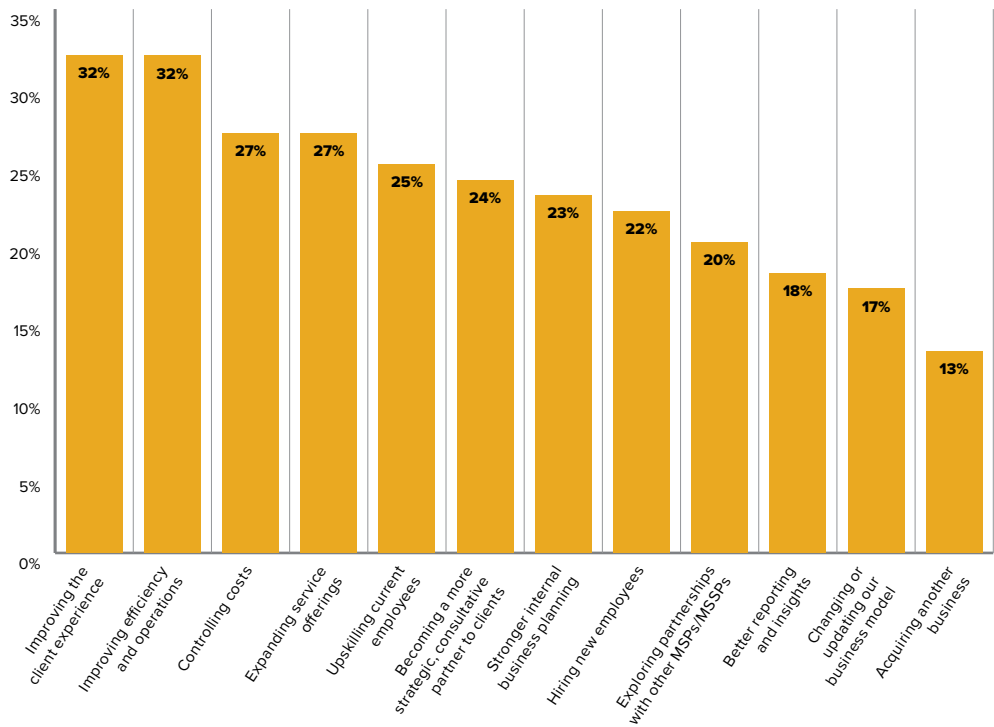
Small MSPs are slightly more likely to say expanding service offerings would let them pull ahead, but they are also less likely to say upskilling current employees would help them. Since training current employees would likely be required to offer new services effectively, small MSPs shouldn’t discount how employee growth and development can influence the client experience.

Executives should make service expansion decisions with employee feedback in mind

Executives are more likely to say expanding services will give them the best advantage in 2025 while technical and customer-facing roles are more likely to say upskilling employees would. Managers are more likely to feel that more strategic consulting services and better business planning should be priorities. Leaders should ensure they invest in team training and strategic frameworks before adding new services so their employees can effectively deliver them to clients.



Top business advantages for 2025



“I think what’s going to set us apart from other MSPs is our care for our clients’ businesses. We want to be involved and know if they’re making big changes, we can bring valuable insights from our own experiences to our clients.”



Kendra Schaber,
Client Services Manager
Alt-Tech Inc.

“One advantage we have is that we’ve planted a lot of seeds over the past year in terms of creating some long-form content. This has generated pretty good visibility for us on places like LinkedIn, and we’ve had quite a few people reach out to us at the beginning of this year.”



Ann Westerheim,
Founder & President
Ekaru

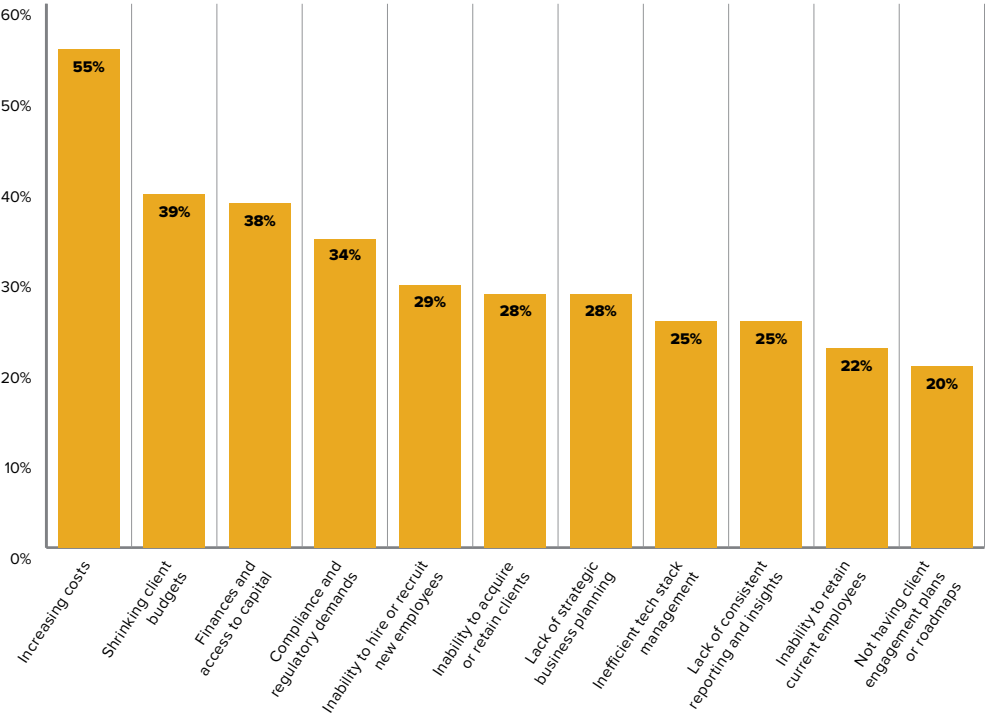
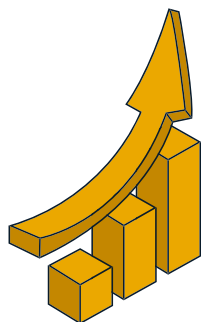
Financial worries and compliance top list of concerns for 2025

When asked what their biggest challenges were for the year ahead, MSPs said increasing costs (55%), shrinking client budgets (39%), access to capital (30%), and compliance and regulatory demands (34%). Client engagement and employee retention are the least concerning areas. Since client satisfaction has been tied to staff utilization and training, MSPS shouldn't overlook how retaining experienced staff contributes to client success and service delivery.

The top revenue-earning small MSPs are more likely to view a lack of reporting and inefficient tech stack management as their top challenges for the year ahead. Large high earners are more likely to see shrinking client budgets as their biggest obstacle. All MSPs should explore how they can improve technical efficiency to lower their costs and better serve their customers, especially during potentially lean times for client spending.



Top business growth challenges in 2025



Summary of findings

2025 provides MSPs with familiar challenges and new opportunities



MSPs anticipate facing an increasingly competitive market with higher business costs in 2025. But MSPs of any size can still come out ahead if they focus on maturing the right areas of their business and make smart investments in growth.

The data shared in this report shows how successful MSPs are navigating the increasing complexity of the industry. By focusing on employee growth, customer success, AI usage, and better reporting, MSPs can position themselves to provide better service to their clients—and drive profitability in the process.

If you'd like to dig deeper into some of the topics covered in this year's report, check out these helpful resources:

- [What metrics matter to your clients and how to share them](#)
- [Learn how Governance, Risk, and Compliance can create new business opportunities](#)
- [Manage your MSP's business reporting and find the waste](#)
- [Overcoming growing pains: Scale up your MSP with business intelligence](#)
- [What you lose when your sales quotes are inaccurate \(and how to fix it\)](#)



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.



Lifecycle Manager



Lifecycle Insights



Backup Radar



Cognition360



ControlMap



Quoter

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 tools you need to be equipped for the year ahead.

Book a Demo

