2023 GLOBAL MSP BENCHMARK SURVEY REPORT

Kaseya®

INTRODUCTION

With the global economy in continual turbulence, IT service providers are preparing to weather the storm. As times get tough, the 2023 Kaseya MSP Benchmark Report shows how MSPs are streamlining processes to provide cost-effective IT support and infrastructure management to small and midsize businesses (SMBs) — their most lucrative client base.

MSPs are focusing on automation and integration between their core tools to improve efficiency, service delivery and cost management. By automating mundane tasks and streamlining daily operations, they aim to provide consistent service delivery to clients, which will help them stand out in a highly competitive MSP market and weather economic downturns. Integration and automation significantly impact the work-life balance of IT professionals by taking care of day-to-day tasks and tickets so they can focus their efforts on more meaningful work.

The report also highlights the continued focus on cybersecurity, which has emerged as one of the biggest growth areas for MSPs thanks to the growing demand for state-of-the-art security tools and services from SMB clients. Data security, compliance and privacy are no longer optional services.

In this year's survey, we split respondents into executives and technicians to understand the similarities and differences in how these two groups view business challenges and growth.

We analyzed the data to identify three noteworthy conclusions.

Automation

MSPs need to improve efficiency to take on more clients and generate more revenue by automating common processes like endpoint management, monitoring, patching, ticket resolution and even cybersecurity. Automation is helping MSPs record exponential growth by lowering expenses and freeing technicians to focus on business-critical tasks. Around 90% of the respondents cited automation as a crucial technology for their business for these reasons alone.

Cybersecurity

Cybersecurity is at the heart of all IT needs. The percentage of respondents who said that 41% to 80% of their clients experienced a cyberattack more than doubled to 9% in 2023. Additionally, the survey demonstrated that SMBs are taking a keener interest in security services provided by MSPs. Meanwhile, MSPs have started evaluating the threat landscape more often to keep security tight. While cybersecurity continues to be a challenge, it also offers substantial revenue growth opportunities to MSPs.

Integration

In a saturated MSP market, the efficiency with which an MSP delivers services, and the speed and accuracy with which it resolves a customer query, will determine its success. In this race, it is impossible to even participate without integration. That's why a whopping 90% of the respondents agree that integration between core applications is critical to their business. It helps them streamline their processes, reduce duplication of efforts and enables the automation of repetitive tasks.

MEET THE RESPONDENTS

This year, the Kaseya MSP Benchmark Survey had 1,091 respondents. The largest slice, 83%, came from the Americas, about 11% from Europe, the Middle East and Africa (EMEA), and the remaining 6% from the Asia Pacific (APAC) region.

Americas
83%

EMEA
11%

APAC
6%
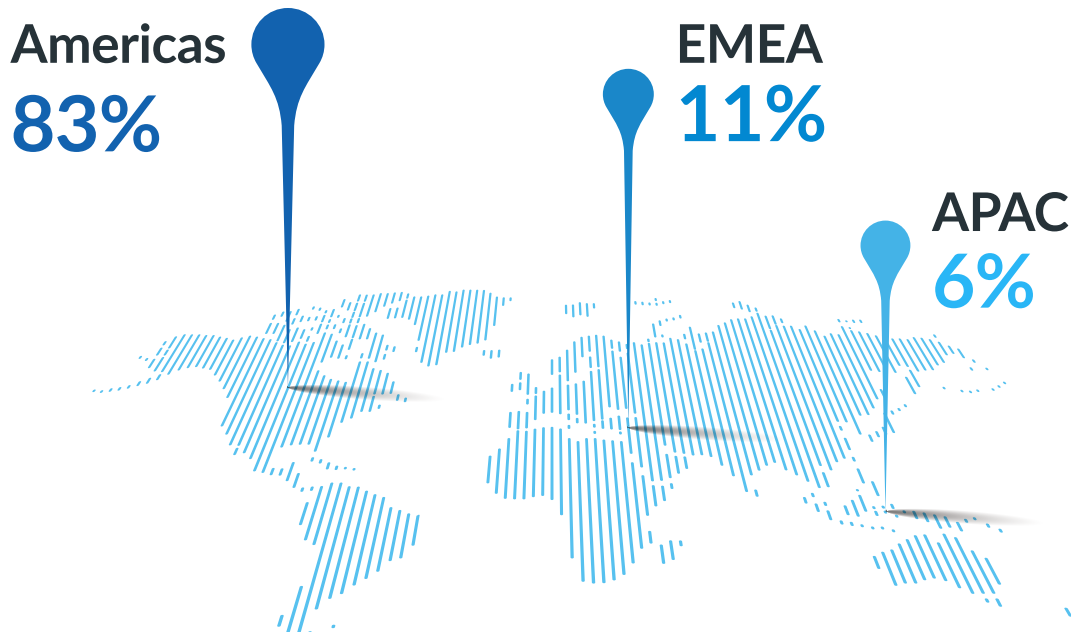
About 63% of respondents identified themselves as general-purpose MSPs who provide a host of IT services ranging from network and endpoint management to data backup and recovery. Another 19% identified themselves as network- and data-center-focused, primarily overseeing servers, storage devices and other network components that keep businesses up and running. Managed security service providers (MSSPs) increased year over year to 18% of the respondent base. MSSPs specialize in delivering security solutions, such as risk assessments, vulnerability testing and threat monitoring, that keep businesses safe from cyberattacks.
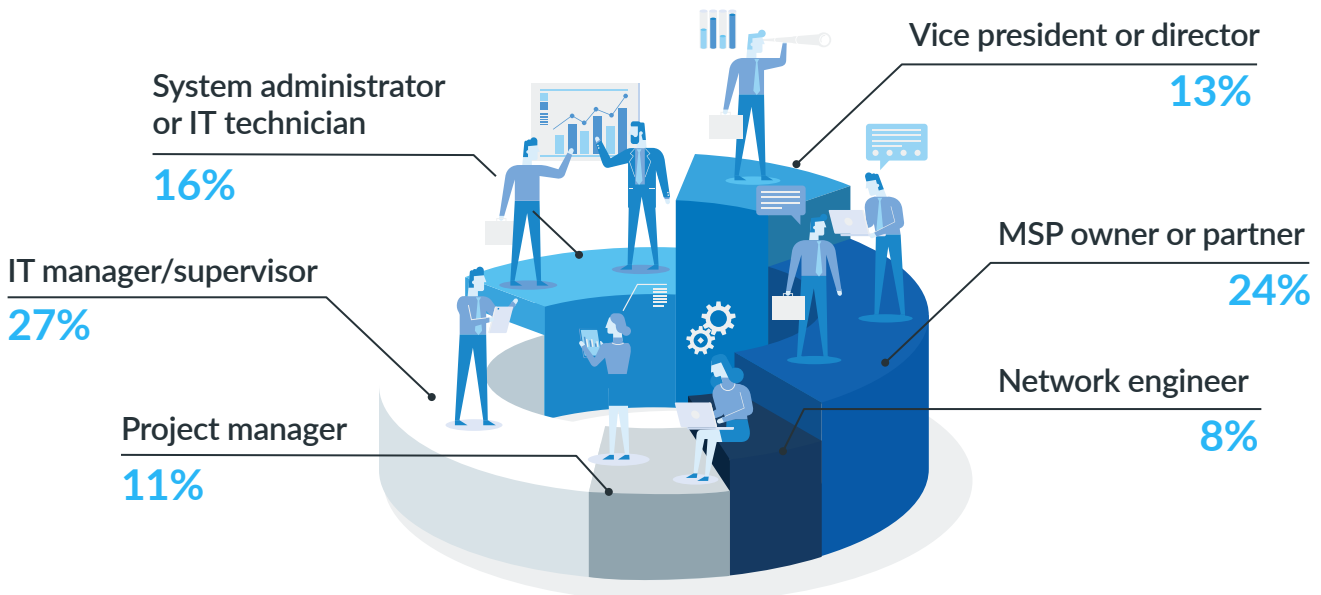
MSP
63%

Network- and data-center-focused
19%

**Managed security service provider (MSSP)**
18%

Executives comprised 37% of respondents while technicians made up the remaining 63%.

This year, we segmented responses to questions between executives and technicians. MSP owners, partners, vice presidents and directors were classified under executives while managers, engineers, system administrators and technicians were grouped as technicians.

Vice president or director
13%

System administrator or IT technician
16%

MSP owner or partner
24%

IT manager/supervisor
27%

Network engineer
8%

Project manager
11%

Interestingly, the two groups agreed on most topics. There are, however, notable differences that underscore their divergent viewpoints and priorities that we will highlight throughout the report.

Respondent's Role

63%

37%

Executives   Tech
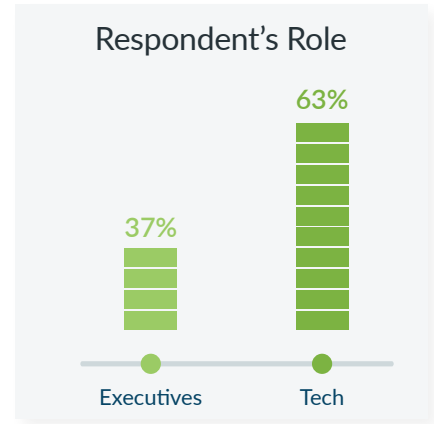
IT professionals are true heroes, but where do they turn to for inspiration? To find out, we set out on a quest to see which popular cinematic universe is undefeated.

According to the survey, the Marvel cinematic universe is top of the charts for both executives and technicians. When faced with a crisis, IT professionals have proven to be as reliable as Captain America. Star Wars came in second place, showing that although the two sides might shoulder different responsibilities, they agree and work the Force like a team.

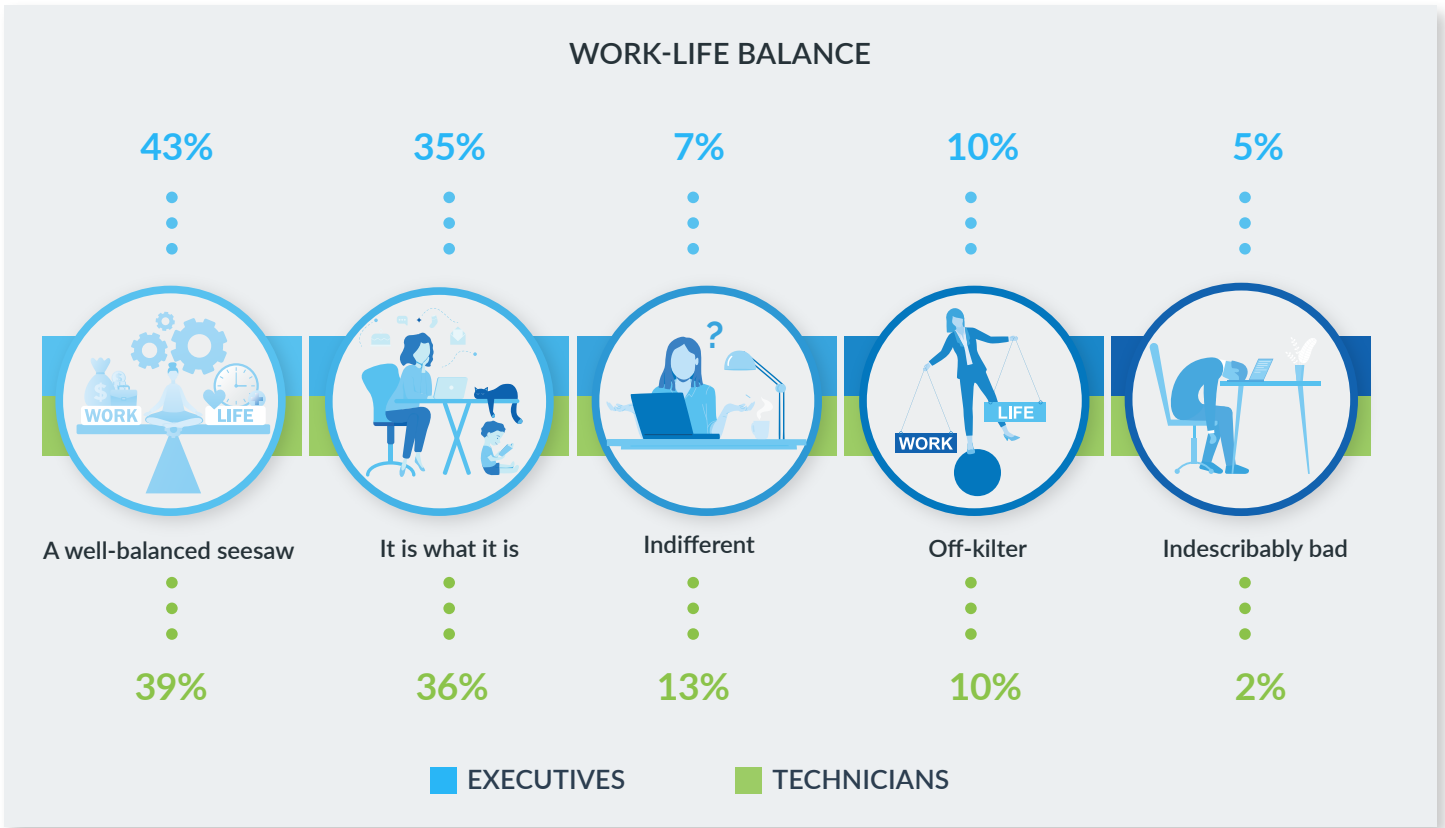|	Executives	Technicians
DC	9%	9%
Harry Potter	11%	16%
Lord of the Rings	16%	18%
Marvel	27%	25%
Star Trek	14%	14%
Star Wars	24%	17%

IT pros struggle with work-life balance

The life of an IT professional has never been easy. Finding work-life balance has been and clearly appears to remain a struggle. The top three work-life balance issues for both executives and technicians were oddly the same.

About 70% of executives and 57% of techs having to work during a holiday was a significant recurring situation. Coming in second was working consecutive 50+ hour weeks at 56% and 35% respectively, and rounding out the top three was pulling an all-nighter at 50% and 38% respectively.

Work Situations	Executives	Technicians
Had to work over a holiday or weekend (or holiday weekend)	70%	57%
Worked consecutive 50+ hour weeks	56%	35%
Pulled an all-nighter	50%	38%
Had a vacation interrupted by an IT crisis	46%	32%
Missed a family event due to an IT crisis	36%	33%
Had to cancel or end a vacation due to an IT crisis	20%	17%
Survived on Doritos and Mountain Dew	18%	17%
None of the above, my work life is 9–5	8%	14%

From the numbers, the burden of these work situations appears to affect the executive level more significantly. However, at each level, the source of burnout is clear. Despite all their efforts, MSPs at each level struggle to get their workload under control and many end up teetering on the edge of acute burnout as noted in the responses to how they view their work-life balance.

WORK-LIFE BALANCE

43%	35%	7%	10%	5%

A well-balanced seesaw	It is what it is	Indifferent	Off-kilter	Indescribably bad
39%	36%	13%	10%	2%

■ EXECUTIVES   ■ TECHNICIANS

ENDPOINT MANAGEMENT CHALLENGES

To understand the respondents' workload and responsibilities on a typical day, we asked MSPs around the globe about the number of endpoints they manage.

Executive respondents were asked how many endpoints they manage for all their clients combined. The 101 to 500 endpoints range is the most commonly selected in 2023. The percentage of respondents that selected 1 to 100 endpoints increased to 16% from 13% in 2022, while those who chose the 1,001 to 3,000 endpoint range dropped to 20% from 24% year over year.

Endpoints managed	2023	2022
1–100 endpoints	16%	13%
101–500 endpoints	**24%**	**23%**
501–1,000 endpoints	**19%**	**18%**
1,001–3,000 endpoints	**20%**	**24%**
3,001–5,000 endpoints	6%	9%
5,001–10,000 endpoints	6%	6%
10,001–15,000 endpoints	3%	2%
More than 15,000 endpoints	5%	5%

Endpoints managed by technicians

While more than a quarter (27%) of the executives said their technicians manage between 101 and 250 endpoints, 26% of the technicians said they oversee more than 750 endpoints. Only 17% of the technicians said they manage between 101 and 250 endpoints. On the other hand, a mere 8% of executives said their technicians manage more than 750 endpoints. The executives and technicians are clearly on different ends of the spectrum — an opportunity for MSPs to address the divergence issue and improve their business operations.

| Endpoints managed	Executives	Technicians
1–50 endpoints	23%	18%
51–100 endpoints	20%	14%
101–250 endpoints	**27%**	17%
251–500 endpoints	17%	19%
501–750 endpoints	5%	7%
More than 750 endpoints	8%	**26%**

CYBERSECURITY REMAINS A TOP PRIORITY

Companies have become more vigilant about their cybersecurity posture and are seeking the most advanced security services to protect their sensitive data and networks. They are increasingly turning to their MSP partners for assistance to enhance their security setup and ensure compliance with relevant regulations.

Cyberattacks are on the rise every day, and in a volatile economy, such incidents are only likely to increase. Let's look at the statistics to understand this better. The percentage of respondents who said that 41% to 80% of their clients experienced a cyberattack more than doubled to 9% from 4% in 2022. The percentage of respondents who said that more than 80% of their clients experienced a cyberattack also more than doubled to 3% from 1% in 2022.

Clients that have experienced at least one cyberattack in the past 12 months

	2023	2022
Less than 10%	48%	49%
10% to 20%	21%	24%
21% to 40%	19%	21%
41% to 80%	9%	4%
More than 80%	3%	1%
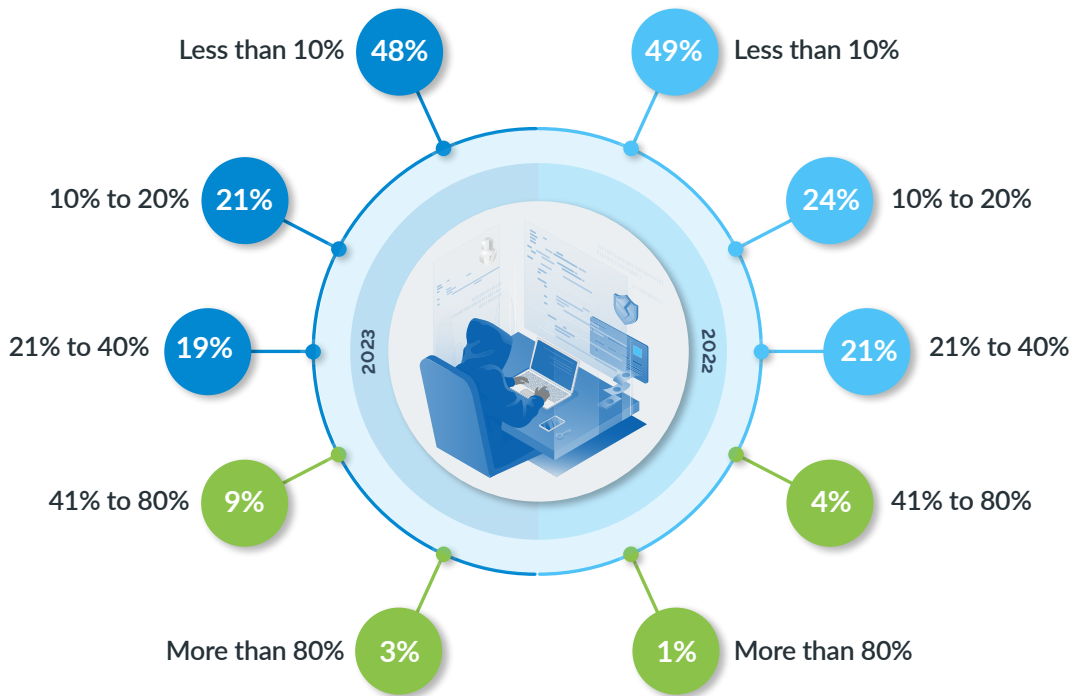
With more companies looking to defend their IT environments against increasingly complex and damaging cyberattacks, the demand for cybersecurity services is expected to rise. About 18% of the respondents said "all of their clients" asked for cybersecurity advice — up from 15% in 2022. More respondents picked the "most of our clients" options too.

Interest in cybersecurity services	2023	2022
All of our clients	18%	15%
Most of our clients	47%	45%
Some of our clients	32%	37%
None of our clients	2%	4%

Interest in cybersecurity services	Executives	Technicians
All of our clients	18%	18%
Most of our clients	46%	48%
Some of our clients	33%	32%
None of our clients	3%	2%

Backup and recovery should be part of security strategy

The importance of performing backups regularly and ensuring recoverability cannot be overstated. Respondents appear aware of this as, along with the increase in cybercrime, the percentage of respondents who back up their customers' SaaS applications, such as Microsoft 365, Google Workspace or Salesforce, increased to 83% from 78% in 2022.

DO YOU CURRENTLY BACK UP YOUR CUSTOMERS' SAAS APPLICATIONS, SUCH AS MICROSOFT 365, GOOGLE WORKSPACE OR SALESFORCE?

2022
Yes
78%

2023
Yes
83%
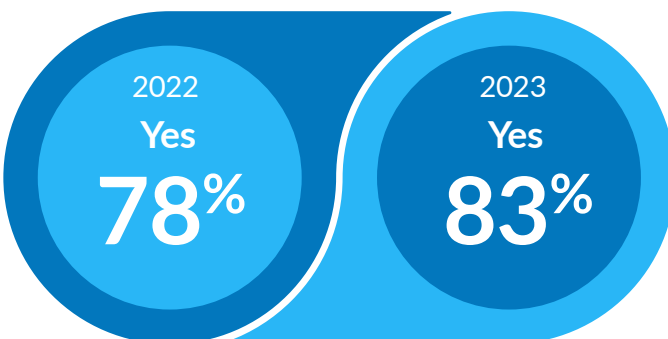
Threat landscape evaluation

MSPs are leaving no stone unturned in securing the IT infrastructure of their clients and are taking a more proactive approach to security. MSPs are now more frequently evaluating the security threat landscape to add new service offerings. About one-third of the respondents evaluate their threat landscape monthly (32%) and quarterly (35%) while only 11% do so annually and a mere 1% never do so.

Frequency of threat landscape evaluation

- 32% Monthly
- 1% Never
- 35% Quarterly
- 11% Annually
- 20% Weekly
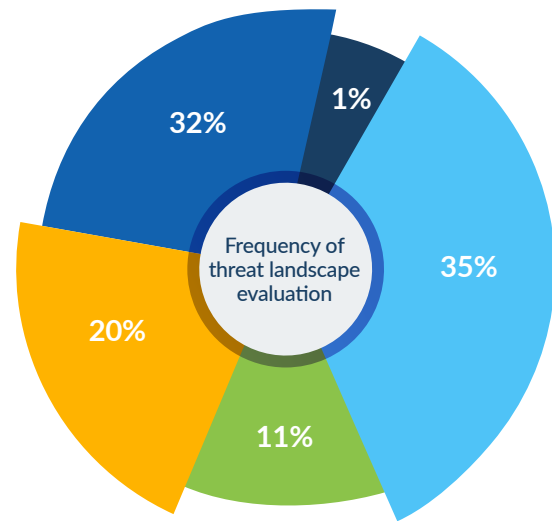
Quarterly   Monthly   Weekly   Annually   Never

The frequency at which respondents simulate disaster recovery capabilities has also become shorter. The percentage of respondents simulating disaster recovery on a shorter weekly timeframe grew three times to 6% from 2% in 2022. The percentage of respondents simulating disaster recovery on a monthly basis also almost doubled to 16% from 9%. In contrast, respondents choosing an annual timeframe fell to 20% from 25% in 2022, while those who chose "never" almost halved to 8% from 15%.

Disaster recovery simulation frequency	2023	2022
Annually	20%	25%
Quarterly	38%	30%
Monthly	16%	9%
Weekly	6%	2%
Whenever the environment changes	11%	18%
Never	8%	15%

Both executives and technicians cited cybersecurity and business continuity and disaster recovery (BCDR) as the top two biggest IT challenges clients will face in 2023.

IT Challenges	Executives	Technicians
Cybersecurity	**69%**	**66%**
Business continuity and disaster recovery (BCDR)	**34%**	**33%**
Managing public cloud adoption/migration/support (IaaS, PaaS, SaaS)	17%	26%
Legacy system replacement	29%	25%
Bring your own device (BYOD)	17%	25%
Supporting remote work	30%	24%
Meeting audit and compliance requirements	27%	23%
Digital transformation	18%	20%
Patching and updating for Windows, Mac and third-party applications on and off-network	13%	17%
Microsoft Lifecycle Management (e.g., Windows 10 automatic updates)	10%	13%
Supply chain issues	12%	12%
Supporting collaboration platforms (Microsoft 365/Google apps)	16%	10%
Support for new business models or markets	8%	6%

In a year-over-year comparison, there is a 15% jump in respondents who chose cybersecurity as the top IT challenge their clients expect to face in 2023.
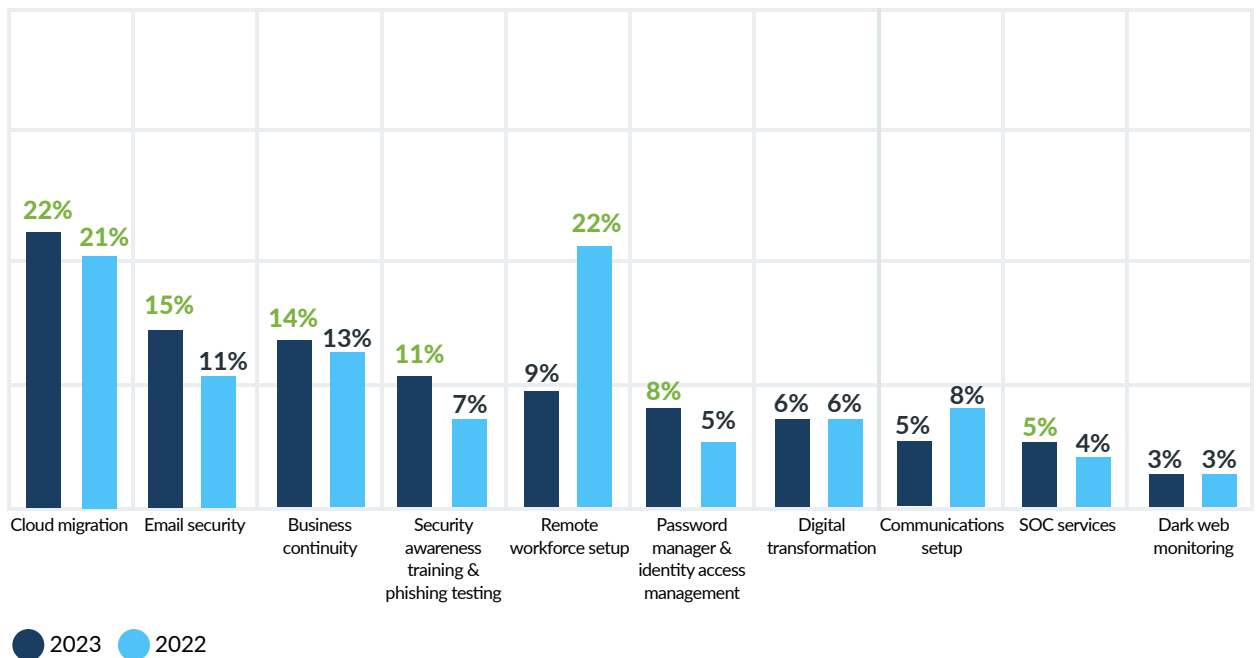
In line with expectations, the percentage of respondents identifying remote work support as an IT challenge dropped by 10% to 26% in 2023. Remote infrastructure setup is no longer viewed as a challenge since organizations have by and large returned to the office or solidified work-from-home infrastructure needs.

Top three IT challenges for clients in 2023	2023	2022
Cybersecurity	67%	52%
Business continuity and disaster recovery (BCDR)	34%	38%
Managing public cloud adoption/migration/support (IaaS, PaaS, SaaS)	23%	26%
Legacy system replacement	27%	32%
Bring your own device (BYOD)	22%	-
Supporting remote work	26%	36%
Meeting audit and compliance requirements	24%	25%
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Support for new business models or markets	7%	8%

Customer requests speak volumes about their concerns. When asked to select the technology or services that customers most requested in the past year, the demand for almost all the services under the cybersecurity umbrella saw a uniform increase. About 15% of the respondents, 4% more than in 2022, said demand for email security went up.

Technologies most requested by customers in the past year

Legend: 2023 · 2022

Cloud migration: 22% (2023), 21% (2022)
Email security: 15% (2023), 11% (2022)
Business continuity: 14% (2023), 13% (2022)
Security awareness training & phishing testing: 11% (2023), 7% (2022)
Remote workforce setup: 9% (2023), 22% (2022)
Password manager & identity access management: 8% (2023), 5% (2022)
Digital transformation: 6% (2023), 6% (2022)
Communications setup: 5% (2023), 8% (2022)
SOC services: 5% (2023), 4% (2022)
Dark web monitoring: 3% (2023), 3% (2022)

More revenue from cybersecurity products

We asked the respondents about the services that recorded the most growth in the past 12 months. According to the technicians, enhanced security services recorded the most growth in the past 12 months, while the executives gave it second place. According to executives, subscription-based managed services took the top spot. In line with the cybersecurity theme, BCDR as a service featured among the top four service categories.

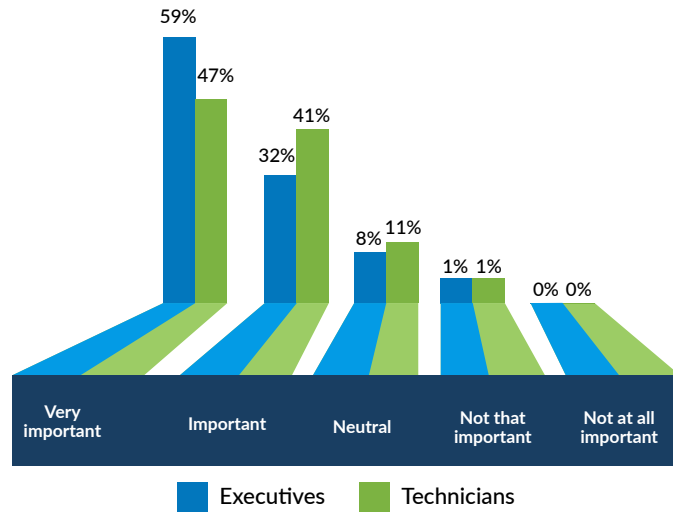| Areas of the most growth in the past 12 months	Executives	Technicians
Enhanced security services (e.g., 2FA, IDS/IPS, dark web monitoring, security awareness training, SIEM and penetration testing)	21%	22%
Managed services (subscription based)	32%	21%
Break/fix services (based on hourly, block hours, or staff augmentation)	10%	14%
Business continuity and disaster recovery (BCDR) as a service	8%	8%
DevOps (delivering applications)	4%	8%
Public cloud services (managing client infrastructure in public clouds; Azure/AWS/Google)	6%	7%
Project-based professional services	8%	6%
Hardware or software resale	4%	5%
Private cloud services (hosting client infrastructure)	4%	5%
Regulatory compliance management and reporting services	4%	4%

ATTENTION TO AUTOMATION
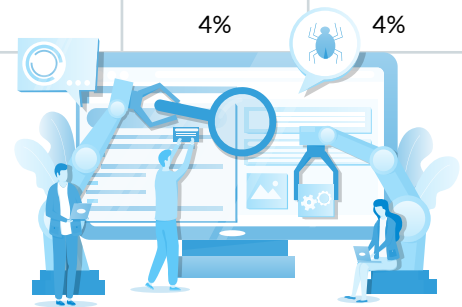
Almost 90% of respondents said that automation is crucial to the success of their business. Automation frees technicians from low-value tasks that take them away from focusing on more important activities that increase revenue, allowing them to focus on complex tasks such as monitoring and security. This efficiency of their operations enables MSPs to take on more clients while scaling their business without exhausting their technicians and budget.

Automation can have a positive impact on a technician's performance, but it must be noted that the path to automation depends on integration.

Importance of automation

Legend: Executives / Technicians

	Very important	Important	Neutral	Not that important	Not at all important
Executives	59%	32%	8%	1%	0%
Technicians	47%	41%	11%	1%	0%

Automation: The top RMM feature

More than half of the executives (64%) and technology (54%) respondents cited automation, including auto-remediation of tickets, as their top RMM feature.

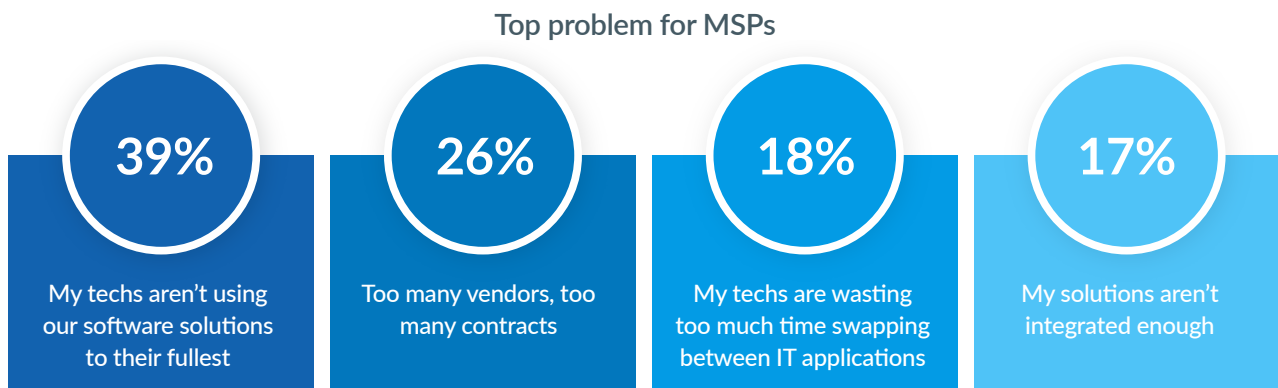| Important RMM features	Executives	Technicians
Automation (including auto-remediation of tickets)	**64%**	**54%**
Remote control	**55%**	**43%**
OS patch management	**49%**	**34%**
Security (e.g., antivirus, antimalware, antiransomware deployment)	**44%**	**39%**
Integration with PSA	37%	23%
Network monitoring	34%	37%
Discovery and inventory	34%	31%
Cloud management	30%	36%
Business intelligence or reporting	28%	29%
Integration with IT documentation solution	24%	32%
Third-party patch management	20%	12%
Integration with BCDR solution	11%	16%
User configuration hardening	6%	6%

INTEGRATION: FRONT AND CENTER

At a time when the world is moving forward at a breakneck pace, working with slow and fragmented tools is no longer viable. IT professionals need tools that integrate seamlessly to meet the demands of today's IT world. Seamless integration reduces the time spent switching between tools and significantly increases efficiency. Almost 90% of the respondents agree that integration between core applications is critical.

Importance of integration with core applications	Executives	Technicians
Very important	60%	54%
Somewhat important	27%	33%
Neutral	10%	11%
Not very important	3%	2%
Not important at all	1%	0%

Integration solves many challenges for MSPs. About 17% of the respondents reported that a lack of integration between solutions hinders their daily operations. According to 39% of the respondents, the biggest obstacle to business growth is the inability of technicians to maximize software usage. In addition, 18% said their technicians wasted too much time switching between applications — another problem that integration between core IT tools can resolve.

Legacy systems or outdated solutions slow technicians down, and with increasing workloads, they also become stressed and unproductive. New tools are fast and integrate seamlessly, allowing for better efficiency. For technicians to give their best at work, they need to be able to use their tools to their fullest potential so that they spend less time managing the applications and more time meeting business needs.

Top problem for MSPs

39% My techs aren't using our software solutions to their fullest

26% Too many vendors, too many contracts

18% My techs are wasting too much time swapping between IT applications
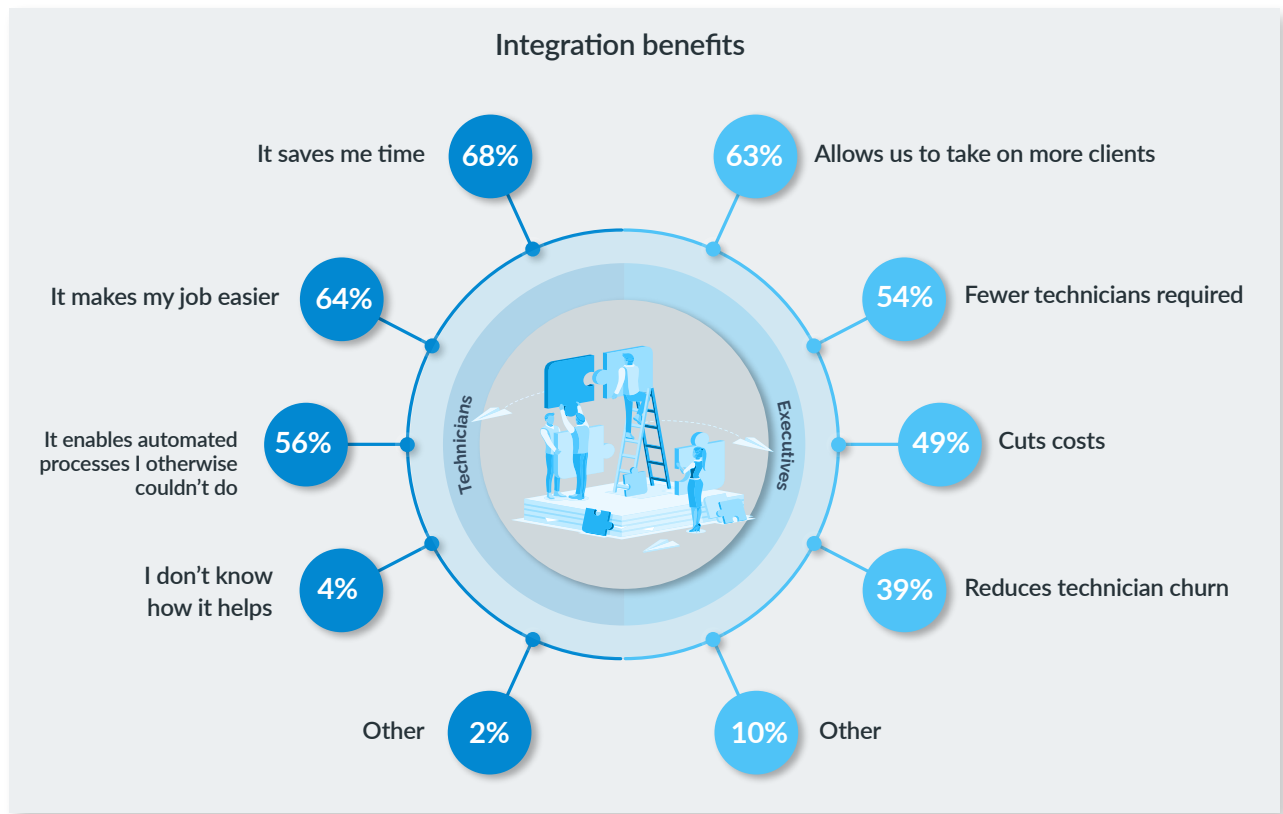
17% My solutions aren't integrated enough

Importance of integration between core MSP tools

Executives and technicians benefit from integration in different ways. About 63% of executives said integration enabled them to take on more clients and expand their business while 54% said fewer technicians were needed to manage the workload. Almost half (49%) of the executives also said integration helped them cut costs.

In contrast, technicians were keen on finding the most efficient ways to do things. For 68% of the technicians, integration saves them time and another 64% said it makes their job easier. More than half (56%) said integration enabled automated processes they would not have been able to perform otherwise.

Integration benefits

It saves me time — 68%

63% — Allows us to take on more clients

It makes my job easier — 64%

54% — Fewer technicians required

It enables automated processes I otherwise couldn't do — 56%

49% — Cuts costs

I don't know how it helps — 4%

39% — Reduces technician churn

Other — 2%

10% — Other

Technicians

Executives

PSA solution priorities

More than half of the respondents (53%) ranked the ability to integrate their professional services automation (PSA) tool with core IT tools as the top feature they look for in a PSA system. This is a shift from 2022 when ticketing was cited as the most important feature among benchmark survey respondents. Ticketing remains a high priority, however.

Important feature of PSA	2023
Integrations with other key tools (e.g., RMM and IT documentation)	53%
Ticketing	51%
Dashboards	41%
Business intelligence/reporting	39%
Project management	37%
Tracking time	36%
Customer relationship management	35%
Billing	32%
Standard operating procedures (SOPs)	28%
Quoting	15%
Other	1%

RMM, IT documentation and dashboards are the top three tools respondents want to integrate with their PSA system, with the most common integration being PSA and RMM. IT professionals are looking for equally good integration capabilities with IT documentation tools (27%) and dashboards (19%), as indicated by an uptick in the number of respondents who selected these options.

Tools to integrate with PSA	2023	2022
RMM and network monitoring	28%	31%
IT documentation	27%	24%
Dashboards	19%	10%
Accounting/general ledger	10%	17%
Security	6%	9%
CSAT	5%	4%
Quoting	4%	4%
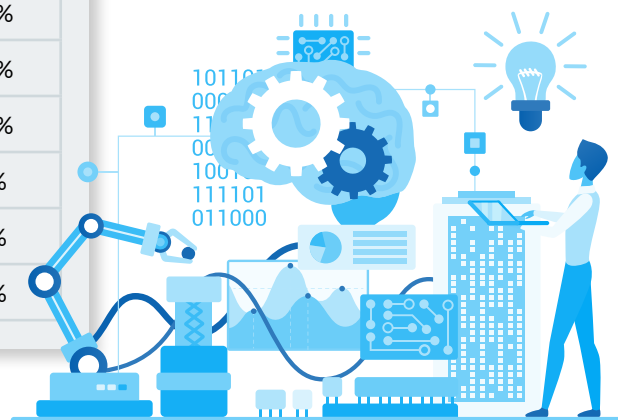
Integration hub

The combination of RMM, PSA and IT documentation solutions are so core to MSP operations that they can be referred to as "oxygen products" or the MSP starter pack. But the integration hub of choice varies. Among respondents, RMM (40%) and PSA (36%) were the more popular choices.

INTEGRATION HUB

1% Other

23% Documentation

PSA 36%

RMM 40%
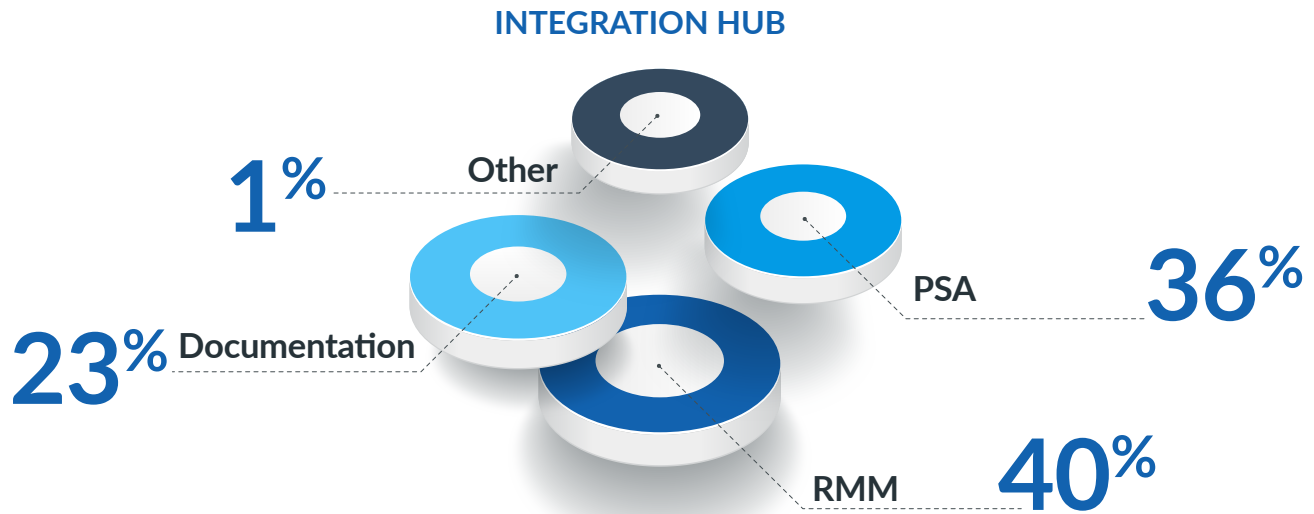
BUSINESS GOALS AND CHALLENGES

This section examines the business goals of MSPs and the challenges MSPs expect to face in 2023. Additionally, we will look at the impact of economic conditions on business growth.

In keeping with the broader cybersecurity theme, the top five services respondents intend to offer in 2023 fall under the cybersecurity umbrella. It covers identity and access management, security awareness training and even dark web monitoring.

OS patching and updates	Network monitoring and management	Server backup & recovery	Antivirus/ antimalware	Endpoint management (e.g., servers, desktops and laptops)
81%	81%	83%	86%	86%

CURRENTLY OFFER

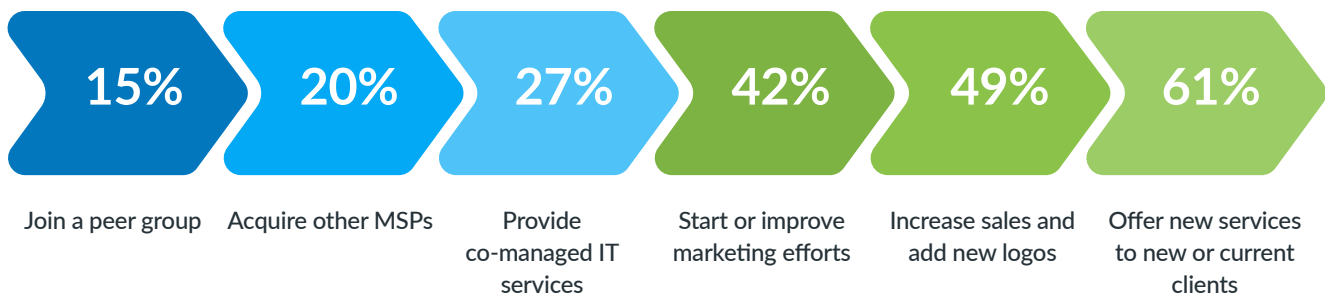| Services	Plan to offer
Regulatory compliance management and reporting	39%
Managed detection and response (security operations center)	32%
Dark web monitoring	32%
Identity and access management security (e.g., 2FA, SSO and password management)	26%
Security awareness training	25%
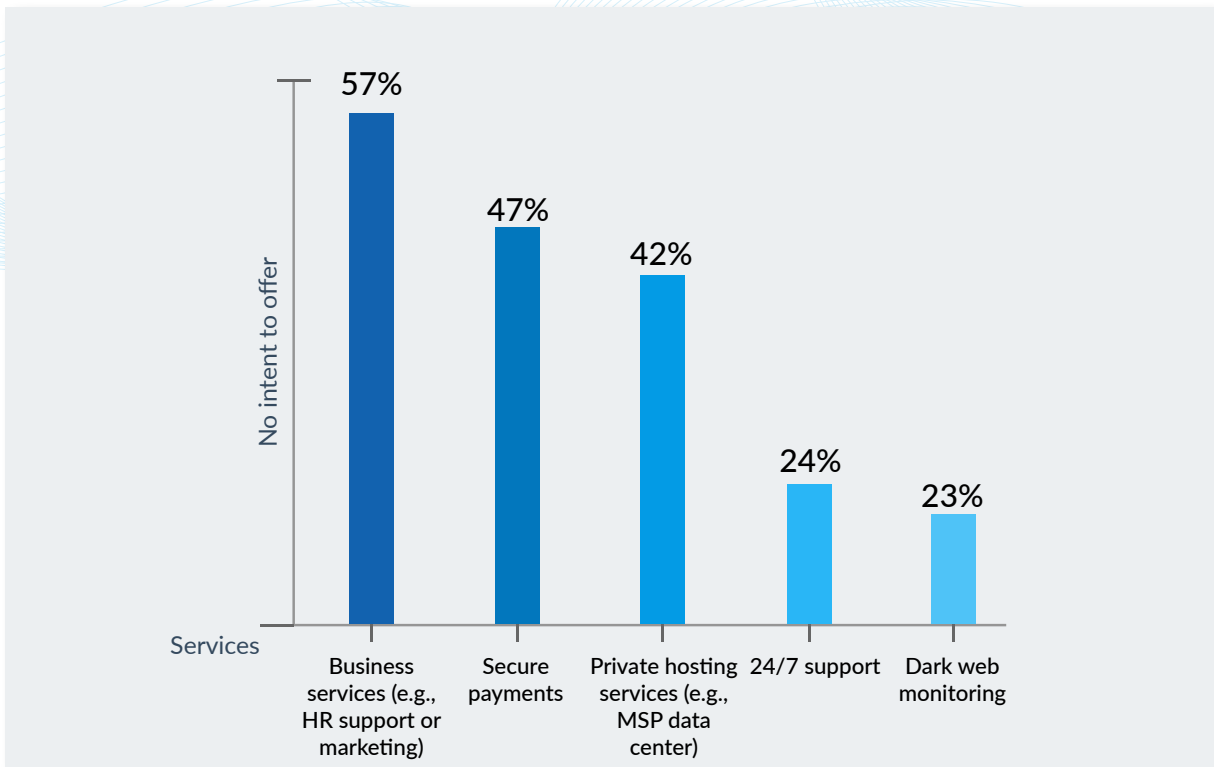
Time and work management

More than half of the technician respondents (51%) reported break-fix as the most time-consuming activity. However, it is only the third most lucrative revenue stream as per the executive respondents (39%). Subscription-based managed services was the top revenue generator according to 68% of executive respondents and the second most time-consuming activity according to 43% of technicians.
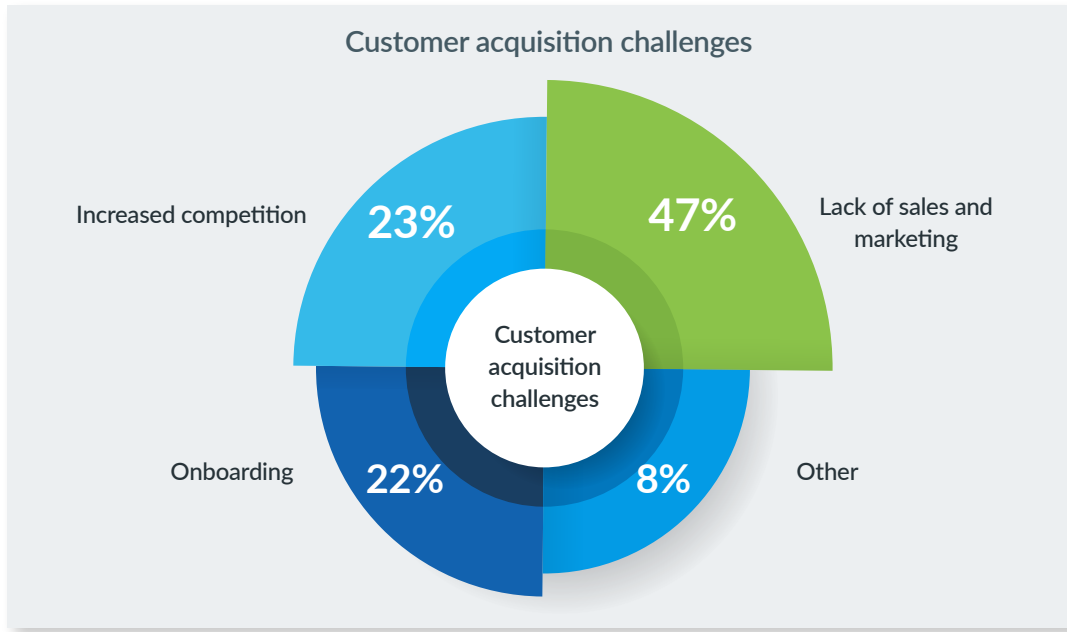
Services	Most time-consuming activities (Technicians)	Top 3 revenue sources of MSPs (Executives)
Break-fix services (based on hourly, block hours or staff augmentation)	51%	39%
Managed services (subscription based)	43%	68%
Enhanced security services (e.g., 2FA, IDS/IPS, dark web monitoring, security awareness training, SIEM and penetration testing)	33%	24%
Business continuity and disaster recovery as a service	25%	23%
Project-based professional services	25%	40%
DevOps (delivering applications)	19%	11%
Public cloud services (managing client infrastructure in public clouds; Azure/AWS/Google)	16%	12%
Hardware or software resale	15%	29%
Private cloud services (hosting client infrastructure)	14%	12%
Regulatory compliance management and reporting services	11%	8%

GROWTH STRATEGIES FOR 2023

When asked about their current growth strategy, almost two thirds (61%) of executives said offering new services is their top priority, followed by increasing sales and adding new logos (49%) and improving marketing efforts (42%). Notably, 47% of executives said lack of sales and marketing was the biggest hurdle when it comes to picking up new customers, even over last year's top concern of headwinds from increased competition.

GROWTH STRATEGIES

15%	20%	27%	42%	49%	61%
Join a peer group	Acquire other MSPs	Provide co-managed IT services	Start or improve marketing efforts	Increase sales and add new logos	Offer new services to new or current clients

Customer acquisition challenges

2023 challenges

Increased competition isn't just a challenge in acquiring new customers. It is also cited as the biggest overall challenge for executives. MPSs can differentiate their services and highlight their unique value proposition by investing in marketing and sales efforts. Additionally, this will strengthen their client relationship and monthly recurring revenue (MRR).

For technicians, dealing with advanced and sophisticated security threats was identified as the top challenge in 2023. To address this challenge, MSP technicians must stay updated with the latest security technologies and techniques and invest in continuous training and education to improve their skills.

Primary challenge your company will face in of 2023	Executives	Technicians
Acquiring more customers	**35%**	17%
Dealing with advanced and sophisticated security threats	14%	**21%**
Hiring	**14%**	**14%**
Shrinking IT budgets and spending	9%	10%
Retaining current customers	7%	11%
Retaining current employees	**5%**	**10%**
Reduced service offerings to fit shrinking customer budgets	**5%**	**7%**
Sales and marketing expertise	3%	3%
Supporting remote work for staff and clients	3%	3%
Supply chain issues	3%	4%

Services added in the past two years

Over half (54%) of the executive respondents added about one to three services in the past two years. The most common reason for not adding services was the lack of perceived interest from clients followed by a lack of skilled technicians.

New services added	2023	2022
None	5%	5%
1–3	**54%**	48%
4–5	30%	34%
6–7	6%	6%
More than 7	5%	7%

Reason for not adding new services	2023	2022
No perceived interest from clients or prospects	**50%**	48%
Skill sets to support new offerings are not available in-house	**41%**	29%
Too expensive	**9%**	23%
Other	**0%**	-

Average MRR growth over the past three years

About 7% of respondents reported declining MRR — nearly doubling from the 2022 Benchmark Report. The percentage of respondents reporting MRR growth under 15% increased slightly. Respondents who selected MRR options over 20% have remained at 15% from last year.

In an increasingly competitive MSP environment, clients can command better prices, which puts pressure on an MSP's MRR. Another reason could be the ongoing economic turmoil, which has resulted in businesses tightening their purse strings.

Average MRR growth	2023	2022	2021
Declining MRR	7%	4%	6%
0%–5%	18%	17%	17%
6%–10%	26%	31%	28%
11%– 15%	21%	20%	20%
16%–20%	12%	13%	13%
More than 20%	15%	15%	16%
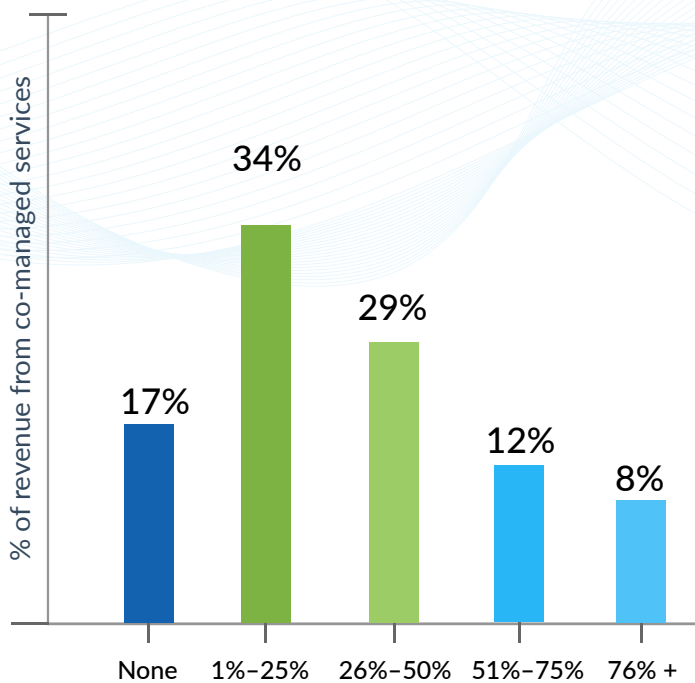
Revenue from co-managed IT services

About a third (34%) of the respondents said they get between 1% and 25% of their revenue from co-managed IT services. Another 29% of the respondents said they get between 26% and 50% of their revenue from it.

Businesses also grow through mergers and acquisitions (M&A). More than half (51%) of the respondents are keen to participate in some form of M&A activity. Of this group, about 14% said it is their primary growth strategy. In 2022, only 36% of respondents were bullish on it.

M&A strategy	2023	2022
It's my primary growth strategy	14%	-
We have or are looking to acquire other MSPs within the next 24–36 months	27%	25%
We are investigating selling our MSP within the next 24–36 months	10%	11%
We have no plans to acquire MSPs or sell our MSP	49%	64%

A good merger or acquisition can boost revenue, drive profits and immediately give MSPs access to a bigger pool of talent, new customers and additional service offerings. The right M&A move can help a service provider expand their geographic footprint and stay at the forefront of a rapidly changing market.

CONCLUSION

The MSP industry has been consistent in seeing year over year growth. As the fight for a bigger slice of the customer base and revenue gets more intense, and the worry many MSPs have over the potential for recession grows, many will look to strengthen their business from within by investing in tools and technologies that eliminate inefficiencies in operations, increase the productivity of technicians and give back time to focus on important goals. Solutions that focus on integration will show game-changing potential for MSPs while replacing old RMM, PSA and IT documentation tools with modern solutions will leave an additional impact on an MSP's business.

Using a modern RMM, IT providers can manage all their endpoints, even the virtual ones, from anywhere and any time. Moreover, through automating time-consuming tasks, like patching, server maintenance and ransomware detection and quarantine of infected devices, valuable time is returned to technicians. Seamless integration between core IT tools is another must-have for MSPs. This will instantly boost technician productivity, and coupled with automation, customer concerns will be addressed, beating SLAs at lightning speed.

Establishing expertise in more than one service offering is another way to ensure a prosperous business, adding cybersecurity and compliance to a portfolio will boost your business, but some may need to be ready to partner with third-party SOC and network operations center (NOC) service providers.

APPENDIX: PRICING DATA

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

Gross margin range for cloud services	2023	2022
Less than 5%	6%	5%
6%–10%	14%	13%
11%–20%	23%	29%
21%–30%	20%	21%
31%–40%	13%	9%
41%–50%	9%	6%
More than 50%	6%	7%
We do not offer cloud services at this	8%	9%

Gross margin range for cloud services

Cloud migration continues to be the most requested service by clients in 2023. Respondents also anticipate that managing public cloud adoption/ migration/support (IaaS, PaaS, SaaS) will be the third biggest IT challenge for clients in 2023. It signals growing cloud usage and gross margin improvement across brackets.

Computing environment

The cloud computing environment data is similar to 2022, with a 1% increase in respondents who chose the "all cloud environment" option.

Computing environment	2023	2022
All on-prem	34%	34%
Hybrid cloud/on-prem	34%	35%
All cloud	32%	31%

Service revenue in various categories

Almost two-thirds (65%) of our executive respondents said that their services revenue for security has gone up in the past 12 months as compared to the previous 12 months. Security, cloud management, and business continuity and disaster recovery are the top three categories for which MSPs had their service revenue go up in the past 12 months.
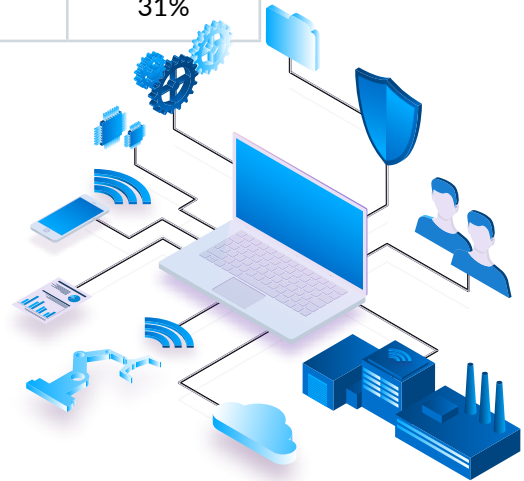
Service categories	Up	Flat	Down	N/A
Security	**65%**	25%	4%	6%
Cloud management	**48%**	36%	4%	12%
Business continuity and disaster recovery	**47%**	38%	5%	10%
Infrastructure monitoring and management (including server support)	45%	40%	7%	8%
Desktop support	42%	44%	8%	6%
Network and connectivity support	**39%**	49%	6%	6%
SOC services	36%	33%	4%	27%
Compliance management	35%	36%	4%	25%
Hardware/software resale	33%	40%	15%	12%
Application management	32%	42%	5%	21%
Mobile device management	28%	43%	7%	22%

Average size of monthly managed services contract per client

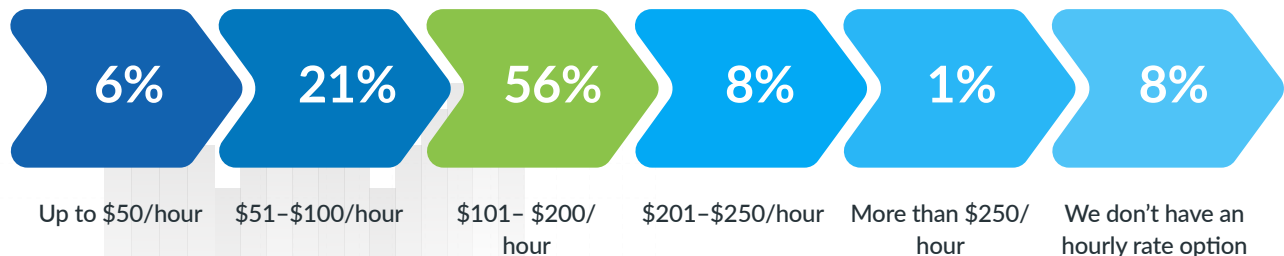The percentage of respondents who reported an average MRR range of $7,501 to $10,000 doubled to 4% from 2% in 2022.

Average MRR	2023	2022
Up to $1,000	**22%**	19%
$1,001–$2,500	26%	28%
$2,501–$5,000	23%	24%
$5,001–$7,500	**11%**	9%
$7,501–$10,000	**4%**	2%
More than $10,000	4%	4%
Not applicable	10%	14%

Hourly rate for break-fix work

More than half (56%) of the respondents chose the hourly rate range of $101 to $200 per hour for break-fix work.

HOURLY RATE FOR BREAK-FIX WORK

6%	21%	56%	8%	1%	8%
Up to $50/hour	$51–$100/hour	$101– $200/hour	$201–$250/hour	More than $250/hour	We don't have an hourly rate option

Percentage of customer base represented by managed services subscription contracts

About a quarter (23%) of the respondents said more than 50% of their customer base follows a month-to-month subscription contract. Another 13% of the respondents said almost 50% of their customer base follows a one-year subscription contract. About 12% of respondents said more than half of their client base follows a two- to three-year subscription contract.

Percentage of contracts	Month-to-month subscription	1 year	Between 1 year and 2 years	Between 2 years and 3 years	More than 3 years
0%	28%	24%	43%	41%	57%
1% - 10%	18%	14%	12%	13%	10%
11% - 20%	6%	13%	12%	9%	6%
21% - 30%	10%	13%	14%	12%	7%
31% - 40%	7%	7%	7%	8%	5%
41% - 50%	8%	**13%**	5%	6%	7%
More than 50%	**23%**	16%	7%	**12%**	8%

Predominant billing model

About a quarter (26%) of the respondents said they use a combination of per-user and per-device models. Only 13% of the respondents chose the per-device model, down from 17% in 2022.

Predominant billing model	2023	2022
Combination of per user and per device	**26%**	**22%**
Per user (all-in seat price)	21%	21%
Value-based (fixed fee subscription) managed services	14%	15%
Per device	**13%**	**17%**
A la carte	12%	11%
Tiered bundles for managed services (e.g., Gold, Silver and Bronze)	10%	12%
Incident response	3%	-
Other	2%	2%

Per-device pricing model

Under the per-device pricing model, more than a quarter (28%) of the respondents charge $50 - $100/device/month for ongoing support and maintenance.

Per-device pricing model	2023
Less than $50/device/month	20%
$50–$100/device/month	28%
$101–$150/device/month	11%
$151–$200/device/month	5%
$201–$250/device/month	3%
More than $250/device/month	2%
We do not offer per-device pricing	30%

Per-user pricing model

Nearly a quarter (22%) of respondents charge $50 to $100 per user per month for ongoing IT support (e.g., help desk and end-user device management).

Per-user pricing model	2023
Less than $50/device/month	16%
$50–$100/user/month	22%
$101– $150/user/month	17%
$151–$200/user/month	11%
$201–$250/user/month	4%
More than $250/user/month	1%
We do not offer per-user pricing	28%

APPENDIX: DEMOGRAPHIC DATA

Get to know our respondents better.

Company size

There is a 13% jump in the percentage of respondents who said they have more than 100 employees in the company. MSPs are getting bigger and growing at a fast pace. Last year, the 11-25 range was the most popular, as chosen by 25% of the respondents.

Company Size	2023	2022
5 or less	16%	16%
6–10	12%	16%
11–25	19%	**25%**
26–50	**13%**	15%
51–100	8%	10%
More than 100	**31%**	18%

Employees in technical roles

Not surprisingly, technical roles dominate, with 31% of respondents having more than 75% to 99% of their employees in a technical role. Another 42% have 50% to 74% of their employees in a technical role. This was also the most popular range in 2022.

Employees in a technical role	2023	2022
Less than 50%	19%	20%
50%–74%	42%	45%
75%–99%	31%	27%
100%	8%	8%
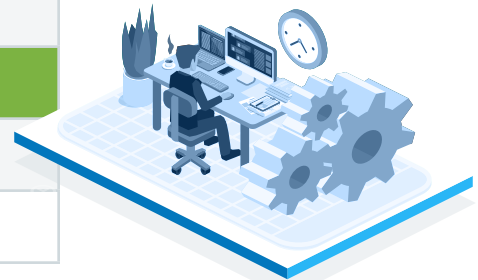
Individual client sites supported by MSPs

Most survey respondents support a relatively small number of locations (individual client sites). More than half (64%) of respondents support 0 - 50 individual client sites, and 14% support between 51 and 100 individual client sites. Only 7% of the respondents said they support more than 500 client sites.

Individual client sites supported		2023
0 - 50	●	64%
51 - 100	●	14%
101 - 200	●	8%
201 - 500	●	7%
More than 500	●	7%
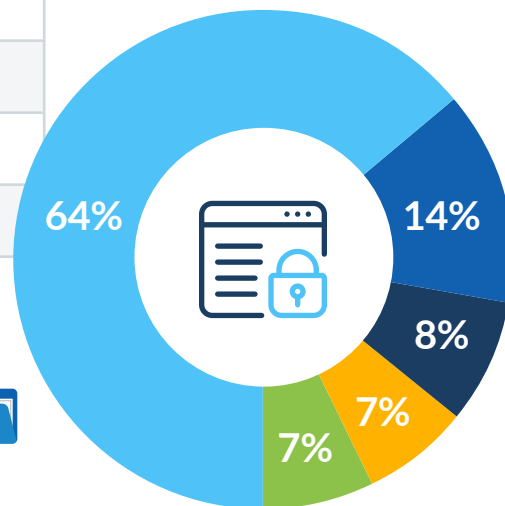
Survey methodology

Kaseya conducted its annual MSP Benchmark Survey in November 2022 using structured questionnaires. To simplify the questionnaires, pricing and revenue information was requested in U.S. dollars and respondents were asked to select from price ranges rather than to specify exact figures. To provide an indication of trends, the report includes comparable results from 2022 where applicable. All current results are included in the global statistics described as "2023." Overall, we've made every attempt to provide the data in a format that is most useful to the widest audience possible. Note that several questions include intentionally generalized data, given that the replies are highly variable (e.g., specific services offered in per-user pricing agreements, certain service contracts offered in remote regions of the world).

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