

## VENDOR PROFILE

### Kaseya Private Vendor Watchlist Profile

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#### IDC OPINION

Kaseya is an infrastructure software company targeting managed services providers (MSPs) that manage and support IT for the small and medium-sized-business market. The company's solution enables MSPs to deliver better, more responsive and proactive IT services to their customers via the use of innovative infrastructure management software. We believe Kaseya is a company to watch because:

- Kaseya has patented connection algorithms such as the Kaseya Virtual System Administration ("VSA") method.
- Kaseya's VSA method allows MSPs to move away from traditional break-and-fix models and allows them remote access and control of the customers' IT environment.
- The large network of localized MSPs and Kaseya's marketing efforts geared toward recruiting more MSPs are part of a strategy that is suited to addressing the challenges of a localized IT support market that global IT support vendors do not have the cost structure to address.

#### IN THIS VENDOR PROFILE

This IDC Vendor Profile analyzes Kaseya, a company playing in the infrastructure software and managed services market, and reviews key success factors: market potential, technology/solution, corporate strategy, force multipliers, and customers. Leveraging IDC's expert understanding of the competitive landscape and future outlook, this document highlights company and market information tailored to the investment professional's needs.

## SITUATION OVERVIEW

### Company Overview

Kaseya (whose founders are from Australia) is based in the United States and plays in the infrastructure software and managed services market. Company details are provided in Table 1.

Figure 1 shows the cumulative Watch Factor score for Kaseya versus the Watch Factor average score for all companies ranked by the Private Vendor Watch Service at the time of publication.

Figure 2 shows the breakdown scores for Kaseya. The sections that follow detail the reasons for those scores.

**TABLE 1**

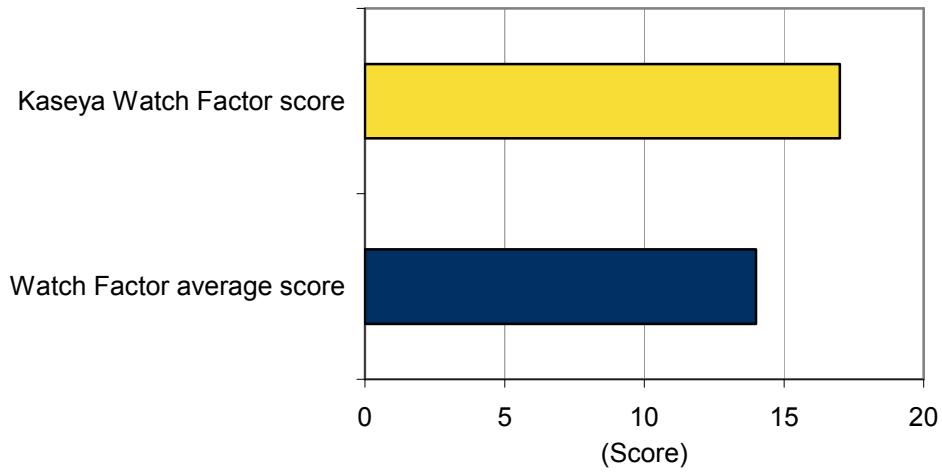
#### Kaseya Company Snapshot

Category	Details
Functional and secondary markets	Infrastructure software and managed services market
Founding year	2000
Number of employees	250
Number of customers	3,000
Company location	North Sydney, New South Wales
Web site	<a href="http://www.kaseya.com.au">www.kaseya.com.au</a>
Funding initiatives	None
Investors	None
Sales channels	Direct
Revenue estimate	US\$50 million–100 million

Source: IDC, 2009

**FIGURE 1**

Kaseya Watch Factor Score Versus Watch Factor Average Score

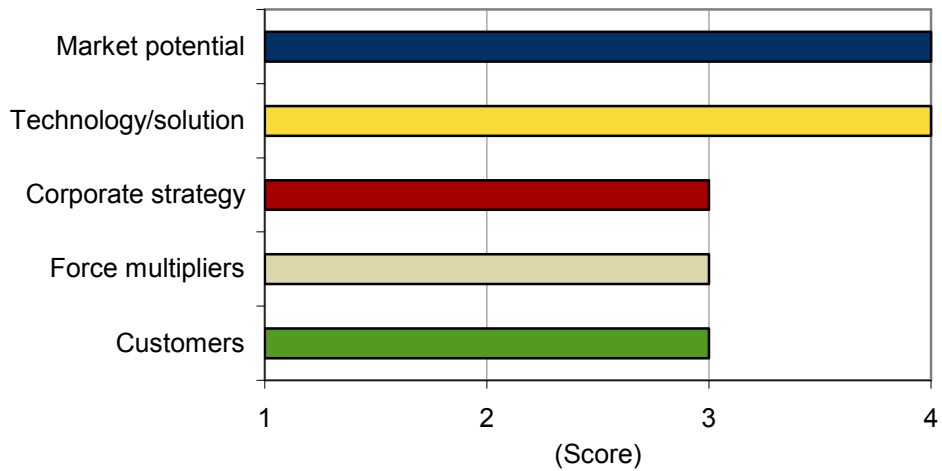


Note: The Watch Factor average score reflects the average score for all private companies scored by the Private Vendor Watch Service at the time of publication.

Source: IDC, 2009

**FIGURE 2**

Kaseya Watch Factor Score Breakdown



Note: Scores are based on a scale of 1–4, where 1 = weak and 4 = strong.

Source: IDC, 2009

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## **IDC Watch Factor Scores**

IDC Watch Factor scores measure private companies based on a set of defined success factors:

- ☒ **Market potential:** Strength of the market, and the potential for the company to grow within the market
  - ☒ **Technology/solution:** Strength and differentiators of product/solution
  - ☒ **Corporate strategy:** Potential exit strategy and company leadership, vision, and funding
  - ☒ **Force multipliers:** Number of valuable partnerships and opportunities, as well as channel strategy
  - ☒ **Customers:** Existing and potential customers and vertical audiences
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## **Market Potential**

### ***Market***

The worldwide information systems support and training market will reach US\$156.6 billion, increasing at a compound annual growth rate (CAGR) of 2.8% through 2012. As the economic downturn hits the IT service provider (ITSP) community, many are turning to managed services to drive better service margins, improve customer satisfaction, and aid in budgeting for sustainable revenue streams.

The company's revenue is US\$50 million–100 million, and we expect performance to be higher than the 2.8% CAGR for "traditional" IT support over the next five years.

### ***Market Disruption***

Kaseya's proposition is not only to convert ITSPs into managed services providers, but also to provide them with the new tools through a comprehensive technology road map, allowing Kaseya to introduce new services and new tools over a prolonged period of technological advancement. Kaseya is not only into the tools market but offering network operations and localized support services as a value-added offering allowing local ITSPs to provide global, 24 x 7 coverage for their customers.

### ***Competitive Landscape***

- ☒ Kaseya competes with larger infrastructure management software vendors like Altiris (Symantec), BMC, CA, HP, and IBM. Kaseya has priced and designed its solution to compete with the "Big 5" management vendors in the MSP market space.
- ☒ Managed desktop services from IT vendors are a threat to IT services companies that take ownership and manage IT endpoints for the enterprise customer.

- ☒ Managed IT services from small and medium-sized IT services firms such as Lanserve and Connected Operations offer outsourced services for the small business market, using their own remote management and monitoring tools. These companies are likely to use their own tools or tools from other vendors like Kaseya. They could also potentially become Kaseya's customers.

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## **Technology / Solution**

### ***Managed Services Edition***

Developed for the needs of the IT service provider, the Managed Services Edition product helps deliver improved services levels to end customers' computers and networks, plus internal operating efficiencies, by automating all common IT tasks (including monitoring, scheduling, and alerting) necessary for the effective day-to-day management of the customer's computing infrastructure.

Kaseya Managed Services Edition operates in a unified console, accessible securely and directly from the browser, to manage customer networks and computers securely and efficiently regardless of end machine location.

The system automates critical functions such as:

- ☒ Patch management software
- ☒ Computer inventory
- ☒ Cross-platform support
- ☒ Remote desktop management
- ☒ Network monitoring
- ☒ Help desk and trouble ticketing
- ☒ Software deployment
- ☒ Integrated reports
- ☒ Network policy enforcement
- ☒ Maximum security
- ☒ Flexible Web based administration
- ☒ Endpoint security
- ☒ Backup and disaster recovery
- ☒ User state management

The system scales from 100 to 100,000 managed endpoints.

Kaseya Managed Services Edition helps address the key requirements of business operating efficiency, scale, and reach. It helps IT service providers to evolve their business from a reactive support services model to service level management using SLAs to drive proactive monitoring and management services. It adds predictability to the ITSP revenue stream and predictability of costs to their customers. It also expands the operating capacity of the IT technician from 150–200 endpoints under a break-fix model to 1,000+ endpoints.

By working to a managed services model, the ITSP aligns the business goals with customer requirements to maximize uptime and availability of all computing assets according to the service levels needed.

In summary, its key benefits are:

- ☒ Allows the ITSP to dramatically reduce manual IT service labor, especially on common repetitive tasks
- ☒ Reduces time spent traveling and the need for customer site visits
- ☒ Helps align ITSP and customer goals via SLAs
- ☒ Reduces operating costs and adds predictability in cost and revenue

### ***Kaseya Professional Edition***

Kaseya Professional Edition is targeted for use by IT departments of larger national and international corporations. It greatly improves the IT department's operational efficiency by automating all common IT management tasks including hardware/software inventory, monitoring, patch management, remote control, ticketing, custom scripting, backup and recovery, and endpoint security.

Professional Edition reduces the need for desk-side visits by corporate IT staff by delivering proactive maintenance routines and remote control sessions. It frees IT staff from tedious and laborious tasks to focus on strategic IT initiatives.

Professional Edition is optimized for service delivery to multiple office locations without WAN or VPN connections and even management of traveling users' computers directly across the Internet.

### ***Kaseya NOC Service Delivery***

Kaseya NOC service teams deliver world class industry standard IT services through its partners directly to customers' end computers using the Kaseya technology framework.

It frees resources from local ITSPs by automating critical tasks such as monitoring, maintenance, and service actions escalating issues to the local provider as necessary (e.g., in case of hardware failure).

Kaseya's NOC service delivery team augments the ITSP's own team. It operates 24 x 7 in any country/location remotely.

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## **Corporate Strategy**

### ***Leadership***

Gerald Blackie, the founder of Kaseya, was one of the founders of Platinum Software (now called Epicor) in 1984. Kaseya was founded in 2000 and currently employs more than 250 employees. It has 20 offices worldwide, with more than 3,500 customers.

### ***Exit Strategy***

The company, enjoying the privilege of serving its customers the best way it knows how to, has stated its intentions to continue as a private company.

### ***Key Acquisitions***

Kaseya acquired Versora in 2008. Versora was integrated into the Kaseya platform as Kaseya User State Management (KUSM). This enabled Kaseya to enhance its cross-platform functionality and group policy enabler with automation to reduce manual requirements.

### ***Current Investors***

Kaseya is 100% privately owned.

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## **Force Multipliers**

### ***Partners***

Kaseya has a Technology Alliance program designed to improve customer service and support by collaborating with select IT service companies and independent software vendors to provide and expand complementary software integration.

Kaseya's Technology Alliance partners include:

- Autotask
- Catbird
- ConnectWise
- Tigerpaw Software
- Untangle
- Happen Business

Kaseya has relationships with managed services resources partners to promote the language of Kaseya's IT Automation Framework and "empower" customers to exceed expectations and transform their business to a successful managed service provider.

As a complement to its internal product training and education programs, Kaseya has teamed with the following companies to deliver results-driven education, marketing, and sales programs targeted specifically to the unique needs of an MSP organization:

- ☒ Acumen Management Group Ltd.
- ☒ AXXIS Technology
- ☒ The MSP Alliance, the International Association of Managed Service Providers
- ☒ MSP Partners
- ☒ MSP University
- ☒ RobinRobins
- ☒ THINKstrategies
- ☒ TruMethods
- ☒ Vendere

#### ***Partnership Opportunities***

- ☒ The company has embarked on road shows in 2009 to engage with ITSPs to evangelize Kaseya's managed services platform. Kaseya views each ITSP as a partner in delivering a managed service to the market. One of Kaseya's services is to complement its managed services partners' resources with its own NOC resources, allowing Kaseya to provide "white label" independent services and resources for customers that are either strapped for resources or need resources in geographies where the managed services provider does not have a presence.
- ☒ Partnership opportunities exist for resale of Kaseya software through reseller partnerships.
- ☒ Partnership opportunities also exist for pay-as-you-go SaaS offerings aimed at small and medium-sized ITSPs that want an easy entry to the platform services market.

#### ***Channel/Sales Strategy***

Kaseya's channel strategy is direct sales to IT service providers.

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## **Customers**

### ***Key Customers***

- ☒ More than 3,500 customers globally

### ***Key Audiences***

- ☒ IT service provider
- ☒ Government and enterprise segments (500+ seats/desktops)

### ***Geographic Reach***

Kaseya has a global reach.

## **FUTURE OUTLOOK**

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### **Challenges and Opportunities**

#### ***Challenges***

Kaseya's direct model means that it needs a good geographical reach to build a global business. This has been evident with the regional offices in all the major regions so far. The challenges of building the managed services message and promoting Kaseya's platform will be twofold in international markets: an Internet/broadband infrastructure that differs greatly from country to country, and cost comparisons and changing mindsets around relationship management with traditional (direct) support methods that may vary greatly, especially in developing countries.

#### ***Opportunities***

Kaseya provides what it terms as disruptive technology by shifting the mindset of ITSPs to move to the significantly more profitable managed services business model. Kaseya's platform enables the service provider to charge per device instead of per hour and dramatically improve engineering productivity.

As the platform and demo versions are available on the Internet, and as a service, the opportunity for geographical expansion increases. Kaseya will need to focus its efforts on where it makes the most sense and revenue opportunity.

## **ESSENTIAL GUIDANCE**

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### **Reason to Watch**

We believe Kaseya is a company to watch because:

- Kaseya has patented connection algorithms such as the Kaseya Virtual System Administration method. The VSA method marks a move away from traditional break-and-fix models for MSPs and allows them remote access and control of the customers' IT environment.
- The large network of localized MSPs and Kaseya's marketing efforts geared toward recruiting more MSPs are part of a strategy that is suited to addressing the challenges of a localized IT support market that global IT support vendors do not have the cost structure to address.

### **Differentiators**

This company is on a journey not just to sell a technology platform, but to develop the IT support and maintenance industry to a managed services industry. This constant re-education of ITSPs is a core part of what makes Kaseya special and not just an

infrastructure software vendor. While there are many types of infrastructure software in the marketplace today, Kaseya's strength lies in the ease of implementation, support for the ITSP's business model, and service level management.

## LEARN MORE

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### Related Research

- ☒ *IDC's Managed Network Services Framework and Taxonomy, 2008* (IDC #216454, February 2009)
- ☒ *Worldwide Outsourcing Services 2009 Top 10 Predictions: The Impact of a Turbulent Economy and Continued Disruptions* (IDC #216190, January 2009)
- ☒ *Asia/Pacific (Excluding Japan) Managed Desktop Services 2008–2012 Forecast: This Industry Looks Sexy Again* (IDC #AP207114Q, August 2008)

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