

# MSP Global Pricing Survey

Kaseya 2016 Report



## Introduction

Kaseya provides IT systems management software that helps managed service providers (MSPs) and mid-size companies drive growth, innovation, and most importantly, customer success. Kaseya's solutions are used by more than 10,000 customers worldwide to manage over ten million devices across a wide variety of industries. Kaseya has a leading position among MSPs around the globe.

This leading market position gives Kaseya a unique perspective from which to study both pricing and service delivery trends in the global IT services industry. Our annual IT survey results demonstrate unequaled visibility into the types – and portfolios – of IT services that MSPs deliver to clients. We are very pleased to share 2016 Kaseya MSP Pricing Survey results that, for the first time, include responses from both Kaseya MSP customers and the market at large. In this year's survey, we gathered more details from MSPs on the existing and emerging services they offer; their current service pricing and future pricing expectations; and key challenges their customers face. The findings are gathered from owners and operators of nearly 400 MSP firms of all sizes, spread across more than 30 countries.

## Key Findings

Here are some of the most impactful findings from this year's survey.

### 1. Continued growth for MSPs

As they did in the previous Kaseya MSP Pricing Survey, the vast majority of MSPs have reported experiencing strong growth in the past 12 months. In fact, 23% of respondents report that their three-year average annual monthly recurring revenue (MRR) growth is over 20%, with an additional 30% reporting average annual MMR growth for the past three years between 11%-20%.

MSPs also reported increased revenues from most of their portfolio offerings in last year – from services such as Cloud Services and Backup and Recovery to Desktop and Server Support.

### 2. Growth goes to the focused

It's impossible to fully separate correlation from causation in this survey. But the data strongly indicates that high growth isn't something that just happens to MSPs by luck. We see a swirl of statistics pointing to the same conclusion – if you want sustained growth, you have to plan for it and work toward it, step by step.

For example, high-growth MSPs charge more for their technicians; have a higher variance between what they charge for Level 1, 2 and 3 technicians; charge more on average for ongoing server support and maintenance per month; and have a higher average size monthly managed services contract.

However, high-growth MSPs are also much less likely to be small MSPs (defined as either having fewer than 10 employees or 25 endpoints). In fact, high-growth MSPs are 25% less likely to have fewer than 10 employees, and three times less likely to manage fewer than 25 total endpoints than their counterparts.

The data shows it's not small MSPs just starting out that are achieving high three-year MMR rates (which might be assumed since it's easier to achieve high sustained growth rates if you are starting at a very low initial MMR figure).

Rather, the data suggests that high-growth MSPs share a determined, continuous focus on finding areas of growth and competitive value, and clearly articulating this value to their clients.

### 3. Growth goes to the strategic

High-growth MSPs are much more likely to offer new 'emerging' services versus their lower-growth counterparts, which further embeds them in their clients' businesses. For example, high-growth MSPs are over twice as likely to offer cloud monitoring services than their peers. In addition, they are much more likely to offer monitoring services – and even guaranteed SLAs – for their clients' services. Finally, high growth MSPs are 85% more likely to provide hosting services for customer-owned equipment.

Looking ahead to 2016, high-growth MSPs more frequently indicated that their clients' top IT problem or service need is to address heightened security risks, increase IT as a competitive advantage, and deliver higher standards of availability than the lower-growth cohort. In contrast, lower-growth MSPs more frequently selected items that are critical but a bit more tactical, such as making IT operations costs and budgets more predictable, Microsoft Windows 10 migration, and outsourcing IT services.

## 4. Security services are ripe for explosive growth

If you're not thinking about expanding your Security services in 2016, you should be. 'Heightened security risks' is the top IT problem or service MSPs expect their clients to face in 2016. And it won by a mile, selected by over a quarter of all respondents and receiving 40% more votes than the second-highest selection. This result isn't a surprise given the unremitting flow of news on breaches and hacks.

Adequately addressing security risks requires a many-pronged approach, including services such as Patching and Updates, Audits and Discovery, Desktop Security, and Identity and Access Management (IAM). While almost 90% of respondents offer Patching and Updates, there is still a lot of room for growth for the other three services, with Desktop Security, Audits and Discovery and IAM being offered by 72%, 64%, and 34% of all respondents, respectively.

Why the discrepancy between the perceived need and the actual rate of services offered? Perhaps because less than half of respondents expect pricing for these services to rise in 2016. Clearly MSPs perceive a disconnect between what their clients need and their clients' willingness to invest in Security. While this sounds like a problem, it's really an opportunity for MSPs focused on growth in 2016. Now is the time to start educating clients and prospects on how various service offerings working in concert can dramatically lower security risks for a company of any size.

The trick is to find a technology solution (or set of solutions) that allow MSPs to offer the functionality and protection their clients need, but in a way that easily integrates into their ongoing service engagements and is cost effective. To the victor goes the spoils, though, since respondents offering IAM, for example, are 25% more likely to have had an average annual MMR growth rate of over 10% for the last three years than their low-growth peers.

## 5. The Cloud is here – and it's more than SaaS

Over 50% of the respondents now offer Cloud services (IaaS, PaaS, SaaS). In addition, 75% of the MSPs who offer Cloud services reported that this revenue source increased in 2016. Well over 50% also expect revenues for this service to increase in 2016. Continuing a trend mentioned already, high-growth MSPs outpace their low-growth counterparts in offering Cloud services (58% to 48%), and in expected increase in revenues in 2016 (66% to 56%).

Other Cloud-related services, including Cloud Monitoring and Cloud Application Services (Users/Access/Content), haven't yet broken the 50% barrier. However, this is only part of the story since, again, high-growth MSPs are much more likely to offer these services than their lower-growth counterparts (48% to 22% for Cloud Monitoring and 39% to 29% Cloud Application Services). In addition, high-growth MSPs offering these services are more likely than their lower-growth peers to report increased revenues (58% to 32% for Cloud Monitoring and 58% to 47% for Cloud Application Services), and expect more growth in 2016 (44% to 36%, and 48% to 33%, respectively).

As with Security, Cloud services provide an opportunity for growth for MSPs in 2016 and beyond. As traditional MSP services (such as Microsoft Exchange management) transition to the cloud, clients will still turn to MSPs to manage users and access to these services. In short, the service isn't 'disappearing' into the cloud; rather, it's just migrating to the cloud and is still there for MSPs to manage.

In summary, this pricing survey report indicates that the MSP market continues to grow at a healthy rate. In addition, it indicates that there is significant opportunities in 2016 for MSPs to offer advanced services, such as Cloud, Security, and IT and SLA Monitoring services.

## Detailed Survey Results

The results are broken out in the following categories:

- A. MSP Demographics**
- B. General MSP Pricing**
- C. Managed Services Offered**
- D. Cloud Services Pricing**
- E. Mobility Services Pricing**
- F. Future MSP Pricing Plans/Trends**

## A. MSP Demographics

In this section, we present the company profile information provided by respondents. The percentages quoted represent the proportion of responses in each category.

### 1. What is the size of your MSP firm? (number of employees)

Survey Year	Less than 10	10 - 25	26 - 50	51 - 100	Over 100
2014	36%	29%	15%	9%	11%
2015	51%	27%	9%	4%	8%
MRR >10%	46%	30%	9%	8%	8%
MRR =<10%	56%	25%	10%	8%	2%

### 2. In which of these customer size ranges do you have the most managed services accounts? (number of users)

Survey Year	1 - 25	26 - 100	101 - 500	501 - 1,000	1,001 - 3,000	Over 3,000
2014	28%	48%	12%	5%	4%	3%
2015	53%	32%	11%	2%	1%	1%
MRR >10%	48%	36%	13%	3%	1%	1%
MRR =<10%	61%	29%	8%	1%	1%	1%

#### a. What percentage of your total (100%) customer base is represented by the following customer-size ranges (average from respondents).

Survey Year	1 - 25	26 - 100	101 - 500	501 - 1,000	1,001 - 3,000	Over 3,000
2015	50%	32%	13%	3%	2%	1%
MRR >10%	44%	35%	15%	4%	2%	1%
MRR =<10%	58%	29%	10%	2%	1%	0%

#### b. How many total endpoints do you manage? (number of endpoints)

	1-25	26-100	101-500	501-1,000	1,001-3,000	3,001-5,000	5,001-10,000	10,001-15,000	Over 15,000
MRR >10%	2%	1%	23%	15%	34%	11%	6%	3%	6%
MRR =<10%	6%	6%	31%	30%	20%	3%	3%	0%	1%

**3. What has been the average annual growth of your monthly recurring revenue (MRR) during the past 3 years? (CAGR %)**

Survey Year	Less than 0%	0% - 5%	6% - 10%	11% - 15%	16% - 20%	Over 20%
2014	36%	29%	15%	9%	11%	23%
2015	51%	27%	9%	4%	8%	23%

**a. Average 3-year MMR growth by employee size range. (number of employees)**

Growth	Less than 10	10 - 25	26 - 50	51 - 100	Over 100
MRR >10%	46%	30%	8%	8%	9%
MRR =<10%	63%	23%	7%	0%	7%

**b. Average 3-year MMR growth by customer size range. (number of users)**

Growth	1 - 25	26 - 100	101 - 500	501 - 1,000	1,001 - 3,000	Over 3,000
MRR >10%	44%	35%	15%	4%	2%	1%
MRR =<10%	58%	29%	10%	2%	1%	0%

**4. In what region is your corporate office? (% of respondents)**

Region	Count	% of Respondents
The Americas	255	66%
EMEA	76	20%
Asia Pac	55	14%
<b>Total</b>	<b>386</b>	<b>100%</b>

**B. General Pricing**

This section includes MSP survey findings regarding general pricing principles.

**5. What is the basis of your MSP pricing strategy and pricing model? (% of respondents)**

Survey Results for	Cost Based	Value Based	Price Match
2014	25%	59%	16%
2015	28%	51%	21%

**6. What is your most frequently quoted standard hourly rate?**

**a. Average hourly rate by MSP growth rate category. (US\$)**

Survey Results for	Level 1 Tech/Eng	Level 2 Tech/Eng	Level 3 Tech/Eng
2014	87	105	123
2015	88	94	111
MRR >10%	94	105	121
MRR =<10%	81	82	101

**7. How many bundles or tiers of managed service offerings do you have? (% of respondents)**

Survey Results for	A la Carte (per user/device)	Three or More	Two	One
2014	19%	32%	34%	15%
2015	31%	27%	24%	18%

**8. How much do you charge on average for ongoing server support and maintenance per month per device? (US\$)**

**a. Average server support and maintenance charges per month by MSP growth rate category. (% of respondents)**

Survey Results for	Up to \$125	\$126 - \$150	\$151 - \$175	\$176 - \$200	\$200 - \$250	Over \$250	NA
2014	40%	17%	4%	13%	26%		
2015	24%	19%	11%	10%	13%	13%	10%
MRR >10%	18%	19%	9%	10%	18%	19%	8%
MRR =<10%	30%	19%	13%	9%	8%	8%	12%

**b. Average server support and maintenance charges per month by region. (% of regional respondents)**

Region	Up to \$125	\$126 - \$150	\$151 - \$175	\$176 - \$200	\$200 - \$250	Over \$250
North America	21%	19%	13%	8%	13%	17%
EMEA	37%	18%	13%	13%	8%	5%
Asia Pac	19%	19%	0%	14%	24%	10%

**9. What is the average size of your monthly managed services contract? (% of respondents – US\$)**

Survey Results for	Up to \$1,000	\$1,001 - \$2,500	\$2,501 - \$5,000	\$5,001 - \$7,500	\$7,501 - \$10,000	Over \$10,000
2014	25%	65%		6%		5%
2015	34%	35%	19%	7%	2%	2%
MRR >10%	21%	38%	23%	12%	3%	2%
MRR =<10%	46%	32%	15%	2%	1%	2%

**10. Do you include a number of onsite hours with your managed services package? (% of respondents)**

Survey Results for	No	Up to 4 hours	4 - 8 hours	Over 8 hours
2014	47%	13%	12%	28%
2015	50%	17%	19%	15%

## C. Managed Services Offered

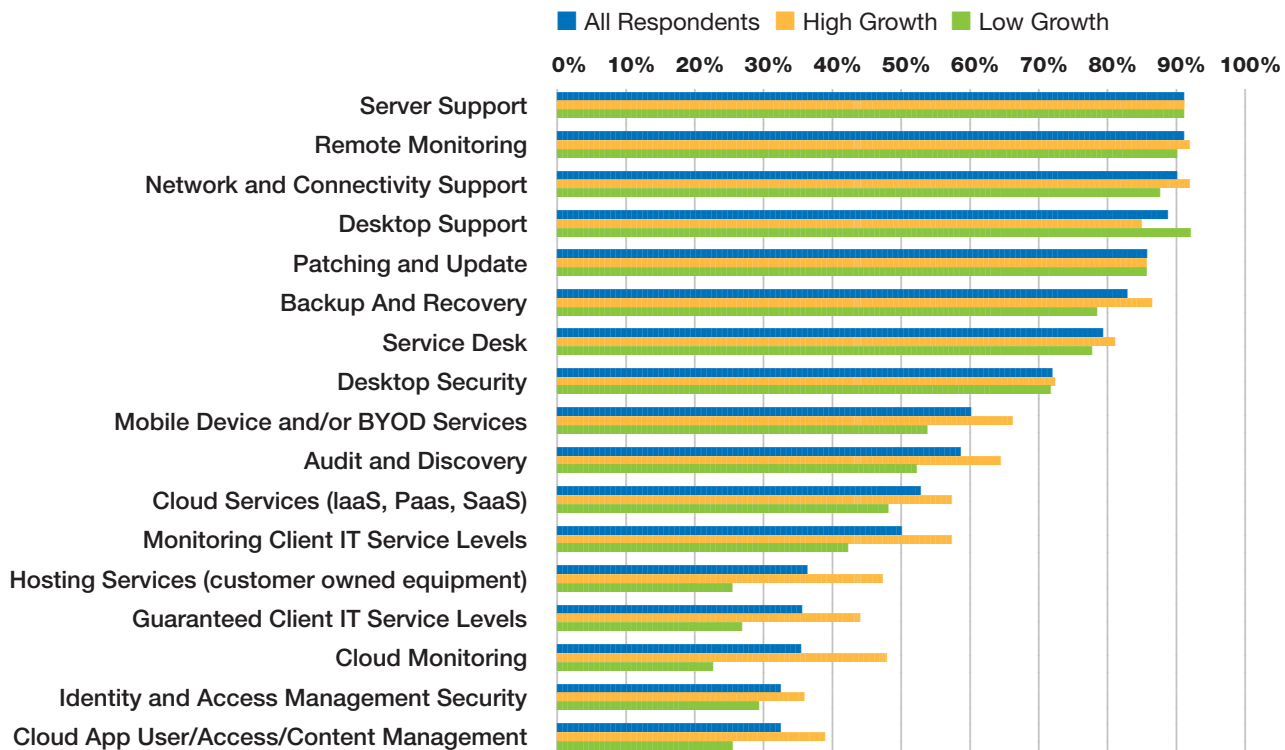
This section provides information on the type of managed services offered by respondents and their growth rates, what percentage of respondents offer those services, and what proportion of their revenues managed services represent.

### 11. Which managed services do you provide?

#### a. Services by region. (% of respondents offering each service)

Managed Services	NA	EMEA	APAC
Server Support	91%	93%	91%
Remote Monitoring	90%	90%	95%
Network and Connectivity Support	90%	85%	95%
Desktop Support	90%	88%	86%
Patching and Update	90%	80%	82%
Backup And Recovery	81%	88%	77%
Service Desk	78%	76%	86%
Desktop Security	76%	61%	73%
Mobile Device and/or BYOD Services	63%	51%	55%
Audit and Discovery	60%	56%	55%
Cloud Services (IaaS, Paas, SaaS)	53%	56%	45%
Monitoring Client IT Service Levels	51%	49%	50%
Hosting Services (Customer Owned Equipment)	36%	46%	45%
Guaranteed Client IT Service Levels	37%	32%	41%
Cloud Monitoring	33%	46%	27%
Identity and Access Management Security	37%	34%	18%
Cloud Application User/Access/Content Management	33%	37%	23%

#### b. Services by survey year. (% of respondents offering each service)

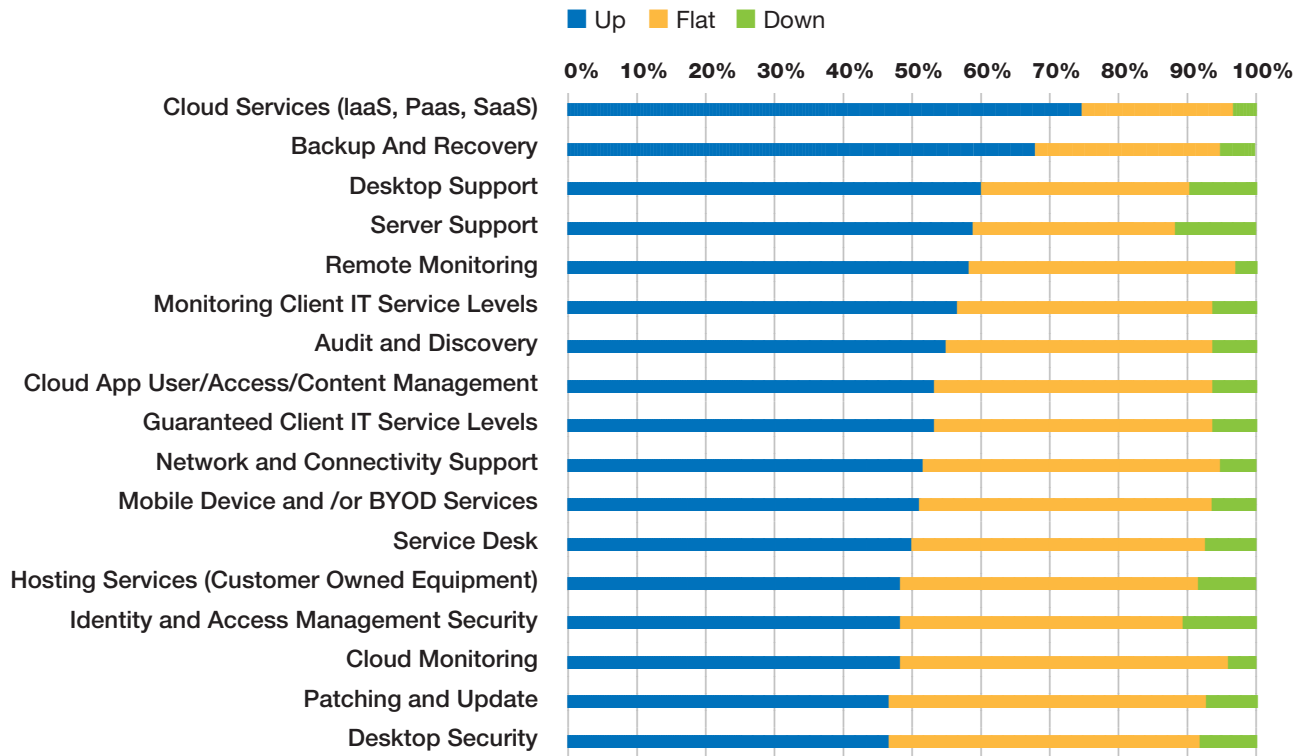


**c. Services by MMR growth rate.** (% of respondents offering each service)

Managed Services	MMR Growth >10%	MMR Growth =<10%
Audit and Discovery	55%	45%
Monitoring Client IT Service Levels	58%	42%
Guaranteed Client IT Service Levels	63%	37%
Cloud Monitoring	68%	32%
Identity & Access Management Security	55%	45%
Mobile device and/or BYOD services	56%	44%
Backup and Recovery	53%	48%

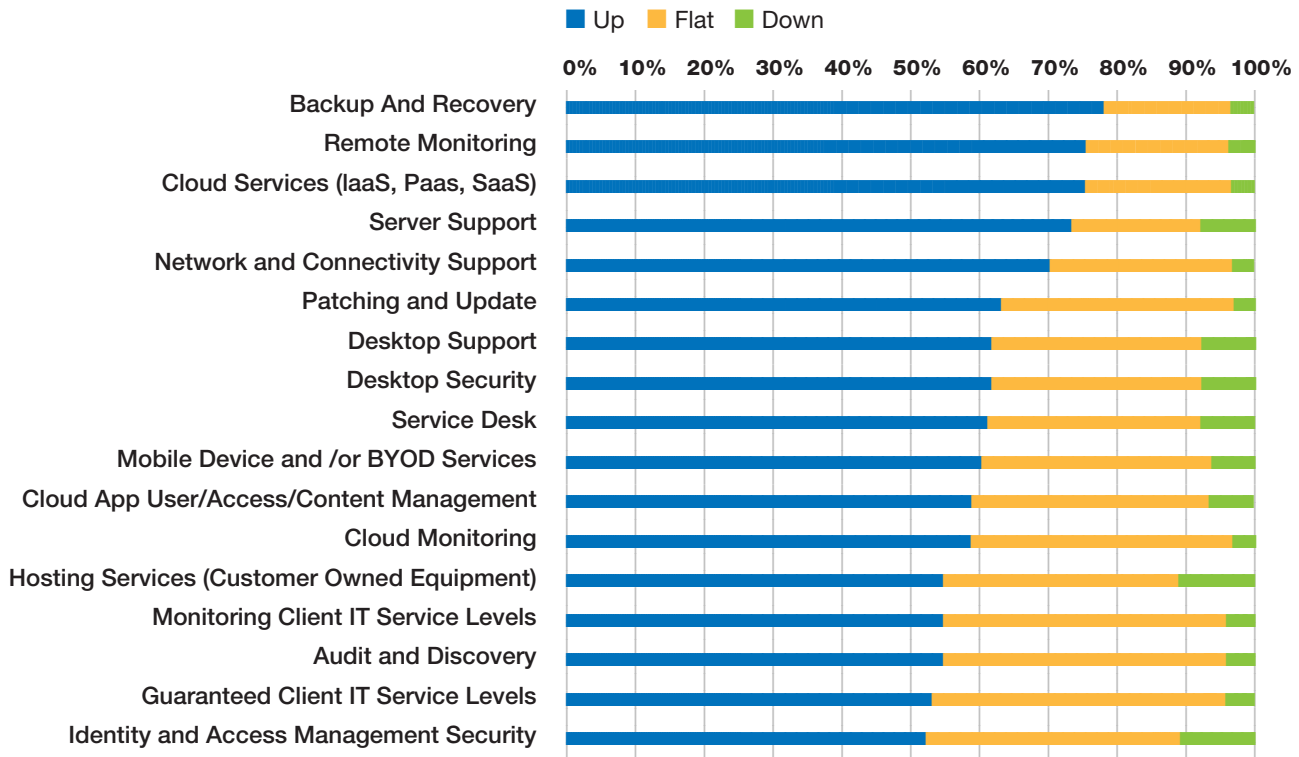
**12. Please indicate the status of your services revenues for the past 12 months versus the previous 12 months.**

**a. Service revenue status for all respondents.** (% of respondents)

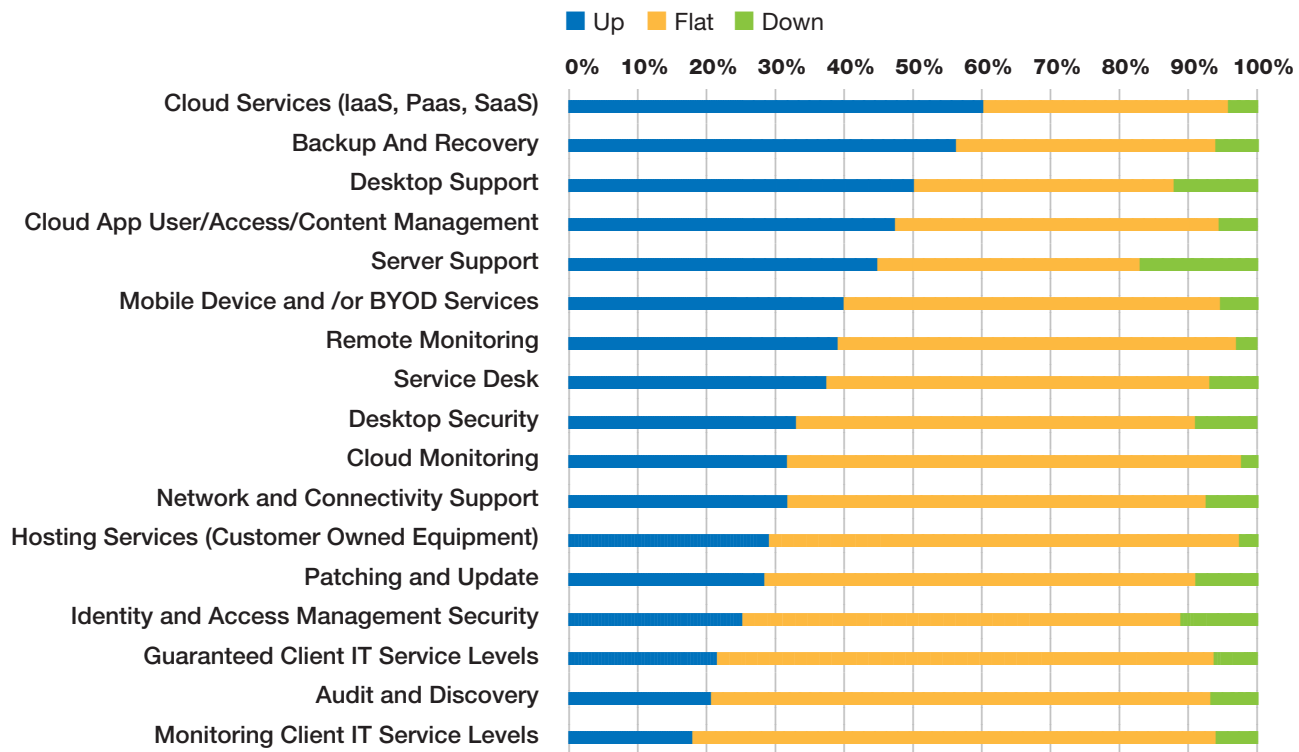




**b. Service revenue status for high-growth MSPs. (% of respondents)**



**c. Service revenue status for low-growth MSPs. (% of respondents)**



**13. What percentage of your total revenue is represented by the following categories of service?**

Category of Service	2015 Average % of Revenue	% of Respondents Offering Service
Managed Services	35%	95%
Hardware/Software Resale	18%	89%
Break/Fix Services (Based on hourly, block hours or staff augmentation)	16%	78%
Professional (Project) Services	13%	81%
Hosted Service (your own cloud)	7%	41%
Cloud Service Resale	5%	55%
Software Sales (your own software)	4%	29%
Other	2%	12%

**14. What percentage of your annual revenue is derived from managed services contracts?**

Survey Results For	Less than 25%	25%-50%	51%-75%	Over 75%
2014	34%	44%	16%	6%
2015	30%	40%	23%	7%

**15. Do you provide any specialized managed services to horizontal/vertical industry clients?**  
(% of respondents)

Specialized Managed Services	2015 Percent Response	High Growth	Low Growth
Advanced/Specialized Monitoring	49%	59%	50%
Advanced/Specialized Security	35%	44%	34%
Advanced/Specialized Backup	52%	63%	53%
Support for SaaS Applications/Migration	24%	31%	22%
Compliance-related Security/Controls	26%	33%	26%
Private Cloud Delivery	29%	40%	24%
Big Data Services	4%	3%	7%
Advanced/Specialized Mobility	13%	17%	10%
Advanced/Specialized Asset Management	17%	20%	17%
Not Applicable	24%	21%	34%

## D. Cloud Services Pricing

This section provides the survey results pertaining to the cloud services pricing used by MSP respondents.

### 16. What are the fees you charge for core cloud services? (% of respondents – US\$)

<b>Cloud Exchange email services, per mailbox per month</b>				
Survey	Up to \$5	\$5.01 - \$10	\$10.01 - \$15	Over \$15
2014	24%	47%	26%	4%
2015	24%	48%	22%	6%

<b>Cloud storage services, per GB per month</b>				
Survey	Up to \$0.10	\$0.11 - \$0.25	\$0.26 - \$0.50	Over \$0.50
2014	14%	22%	32%	33%
2015	3%	40%	31%	26%

<b>Cloud backup services, per GB per month</b>				
Survey	Up to \$0.10	\$0.11 - \$0.25	\$0.26 - \$0.50	Over \$0.50
2014	11%	19%	33%	38%
2015	8%	33%	32%	27%

<b>Cloud SharePoint services, per user per month</b>				
Survey	Up to \$5	\$5.01 - \$10	\$10.01 - \$15	Over \$15
2014	37%	28%	28%	7%
2015	28%	39%	22%	11%

<b>Private cloud services, per environment (assume 4vCPUs and 4GB/100GB with 2 VMs) per month</b>				
Survey	Up to \$200	\$201 - \$400	\$401 - \$600	Over \$600
2014	19%	41%	30%	9%
2015	27%	36%	19%	19%

<b>Cloud monitoring services (assume VMs, network performance, applications, and datacenter server) for 25 devices and 2,500 metrics, per month</b>					
Survey	Up to \$500	\$501 - \$1000	\$1,001 - \$1500	\$1,501 - \$2,000	Over \$2,000
2013	2%	41%	21%	36%	
2014	35%	29%	14%	9%	14%
2015	0%	31%	28%	15%	26%

## E. Mobile Services Pricing

This section provides the survey results pertaining to the mobile services pricing used by MSP respondents.

### 17. Do you actively manage mobile devices (smartphones and tablets) for your clients via MDM and BYOD management services? (% of respondents)

Response	2014	2015
We only provision and setup the mobile devices with basic settings but do not actively manage them.	29%	22%
We focus only on the core MDM services: device locking, remote wiping, location tracking, app inventory etc.	9%	20%
We do not actively manage mobile devices today but plan to do so in the next 6 months.	21%	18%
We focus on the core MDM services (device locking, remote wiping, location tracking, app inventory etc.) as well as BYOD services (containerized apps for email, docs and browser).	14%	9%
No, we do not offer these services.	29%	31%

### 18. What is the demand for mobile management services (MDM, BYOD, or both) from your end customers? (% of respondents)

Survey	None	1-100	101-200	201-500	501-1,000	Over 1,000
2014	48%	32%	9%	4%	3%	4%
2015	61%	24%	7%	2%	2%	2%

### 19. What are the fees you charge for MDM services per device, per month? (% of respondents providing these services – US\$)

No separate charge	Up to \$2	\$2.01 - \$5	\$5.01 - \$10	\$10.01 - \$15	Over \$15
40%	6%	20%	22%	8%	5%

### 20. What are the fees you charge for BYOD services per device, per month? (% of respondents providing these services – US\$)

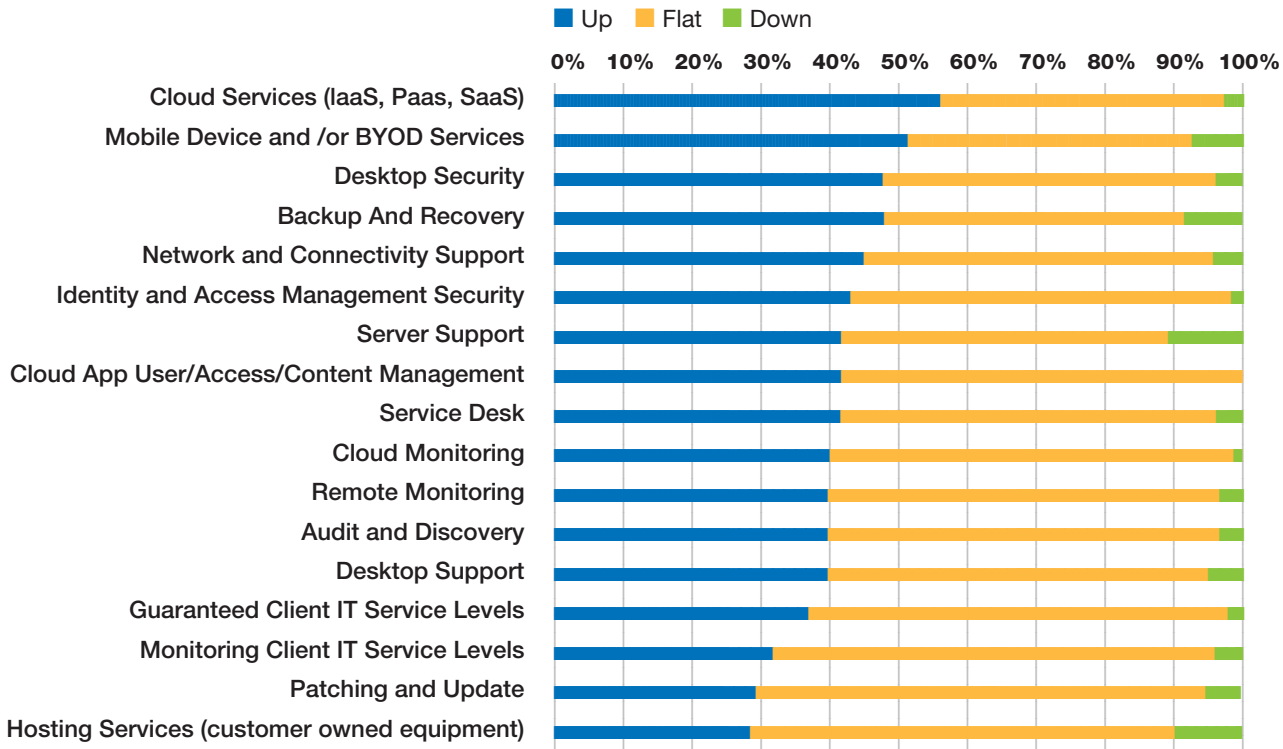
No separate charge	Up to \$5	\$5.01 - \$10	\$10.01 - \$15	Over \$15
57%	11%	18%	11%	2%

## F. Future MSP Pricing Plans/Trends

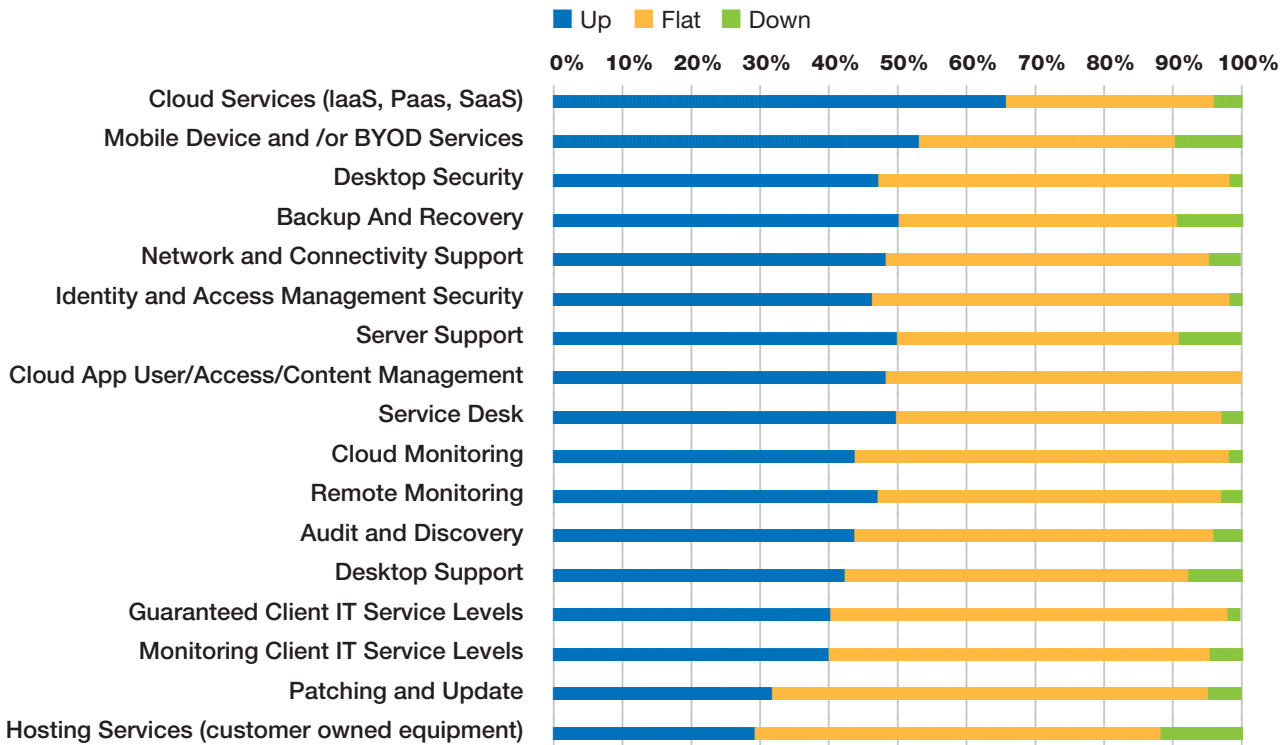
In this section, we present the outlook for 2016 pricing based on predictions provided by MSP respondents together with the key 2016 challenges expected of MSP clients.

### 21. What are your expected service pricing plans for the next 12 months?

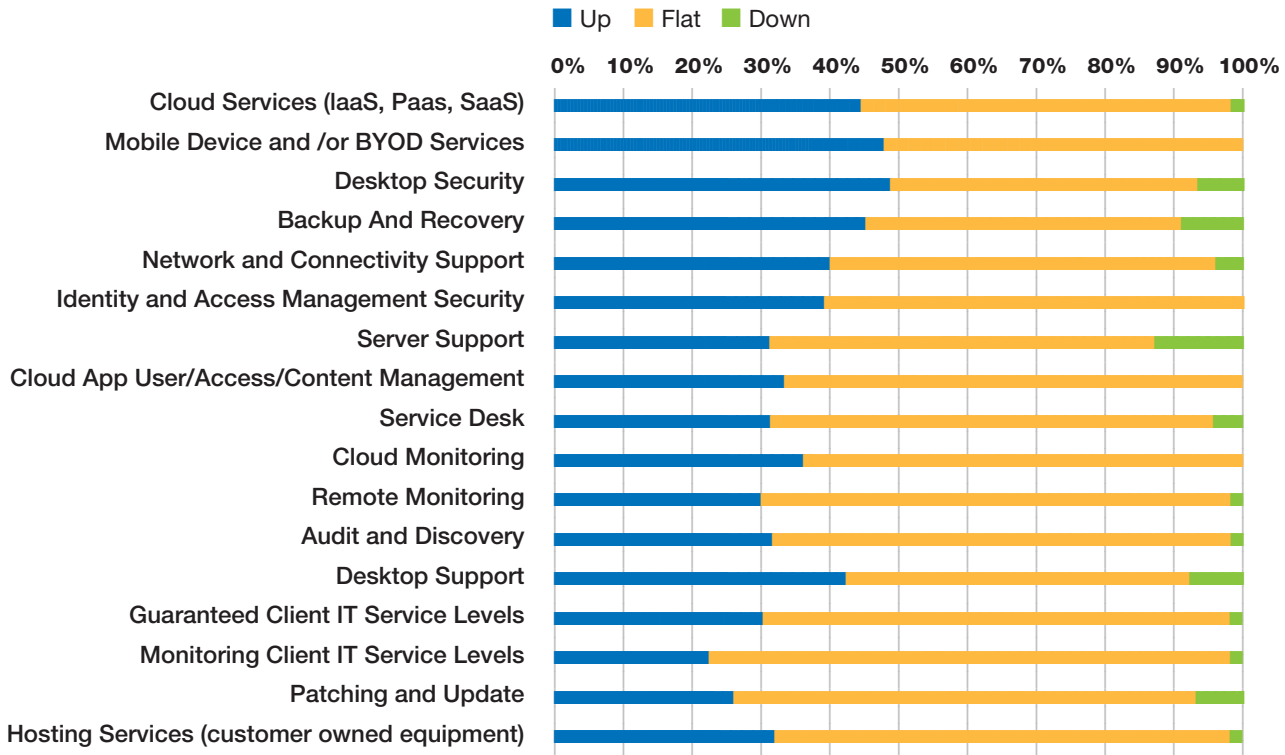
#### a. Service pricing plans for all respondents. (% of respondents)



#### b. Service pricing plans for high-growth MSPs. (% of respondents)

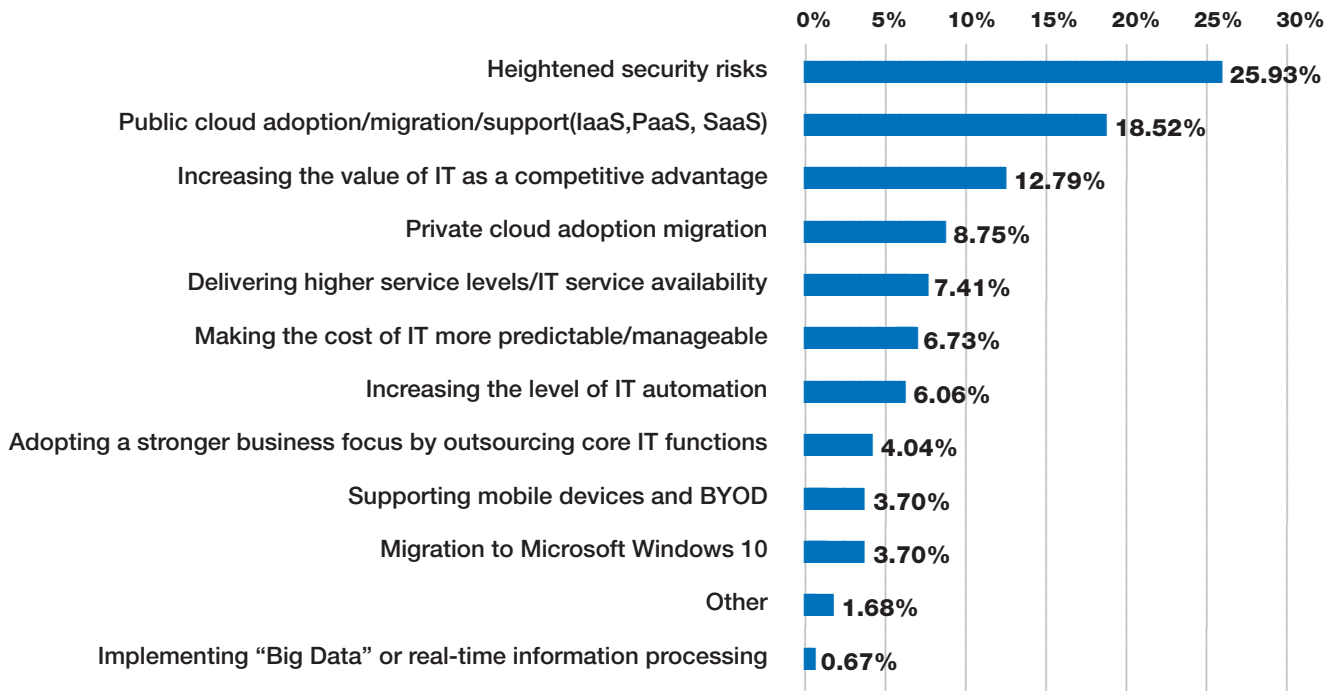


**c. Service pricing plans for low-growth MSPs. (% of respondents)**



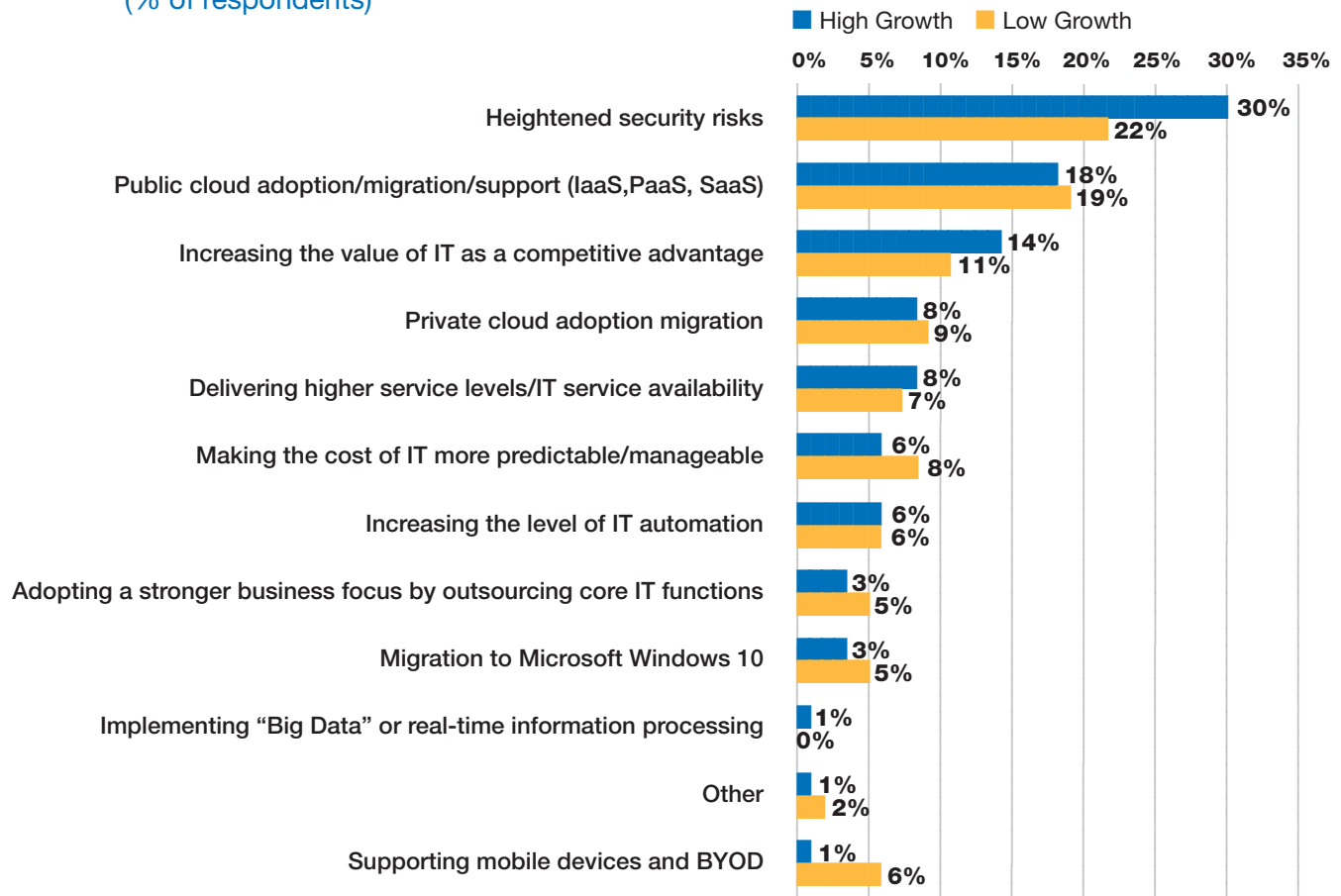
**22. What do you expect to be the top IT problem or service need for your clients in 2016?**

**a. IT problem or service rated by all respondents. (% of respondents)**



**b. IT problem or service rated by high-growth and low-growth respondents.**

(% of respondents)



## Survey Methodology

Kaseya conducted its annual user survey in Q4 of 2015 using structured questionnaires. To simplify the questionnaires, pricing information was requested in US 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 2014 results where applicable. All results are included in the global statistics described as “2015.”

For this 2016 report we have also broken out results by two business growth categories. Almost all MSP respondents report positive monthly recurring revenue (MRR) growth, however, some have grown faster than others. Accordingly, we have split appropriate results between with 10% or less MRR growth and those with MRR growth of more than 10% in order to highlight pricing best practices.

Overall, we’ve made every attempt to provide that data in a format that is most useful to the widest audience for this report. Note that several questions include intentionally generalized data, given the replies are highly variable (i.e., specific services offered in per-user pricing agreements, certain service contracts offered in remote regions of the world, etc.).

---

## ABOUT KASEYA

Kaseya® is the leading provider of complete IT management solutions for Managed Service Providers and small to midsized businesses. Kaseya allows organizations to efficiently manage and secure IT in order to drive IT service and business success. Offered as both an industry-leading cloud solution and on-premise software, Kaseya solutions empower businesses to command all of IT centrally, manage remote and distributed environments with ease, and automate across IT management functions. Kaseya solutions currently manage over 10 million endpoints worldwide and are in use by customers in a wide variety of industries, including retail, manufacturing, healthcare, education, government, media, technology, finance, and more. Kaseya, headquartered in Dublin, Ireland is privately held with a presence in over 20 countries. To learn more, please visit [www.kaseya.com](http://www.kaseya.com)

©2016 Kaseya Limited. All rights reserved. Kaseya and the Kaseya logo are among the trademarks or registered trademarks owned by or licensed to Kaseya Limited. All other marks are the property of their respective owners.

Rev 012616

