

Managed Service Providers focused on becoming strategic advisors in 2019

[Datto annual global survey uncovers increase in recurring services](#)

Sydney, Australia — May 23, 2019 — Datto, Inc., the leading global provider of IT solutions delivered through managed service providers (MSPs), today announced the release of its third annual State of the MSP Report. Based on a survey of more than 1,600 MSP partners around the globe, the report showcases the continued evolution of the MSP industry, as MSPs become more strategic advisors to their clients and derive a larger portion of their revenue through recurring IT services.

“The survey shows what we see every day - it’s a great time to be an MSP. It’s a positively charged environment,” said Rob Rae, Vice President of Business Development, Datto. “Almost half of surveyed partners have been working in the industry for more than 15 years and nearly 100 per cent of them said that right now is the best time to be in their industry. For more than a decade, Datto has been passionate about providing the right technology to MSPs, who support the backbone of the economy through their work with small businesses.”

As IT plays a growing role in the success of SMBs everywhere, IT service providers are adjusting their business model to include more managed services. The survey found that more than 80 per cent of MSPs report recurring services driving a portion of their revenue, highlighting an industry shift from IT service providers solely modelled on ad-hoc services to becoming more strategic advisors to their SMB clients. In fact, 44 per cent of respondents stated that more than 50 per cent of their revenue is a result of recurring services.

“SMBs in particular struggle with increasing IT complexity, an explosion in security threats, greater compliance demands, and intensifying skills shortages. More than ever, companies are turning to trusted IT partners to help solve these challenges,” said Alastair Edwards, Chief Analyst, Canalys. “Canalys research shows that more than 80 per cent of channel partners around the world now offer some form of managed service. To stay ahead, IT service providers must evolve their businesses, shifting towards more recurring revenue and greater industry specialisation. Partnerships with the right technology companies and platform providers will be critical to success.”

To better capture managed services revenue, MSPs are expanding their portfolios with services they might not traditionally think to offer on a recurring contract, such as Networking as a service. SMBs are willing to pay for managed services to keep their IT infrastructure and networks running efficiently. In addition to taking on a more strategic role and expanding their solutions sets, 56 per cent of MSPs specialise in services for a particular industry, with healthcare holding the number one spot for the second year in a row.

To keep pace with the growth in managed services, 71 per cent of MSPs plan to hire more employees in the next 12 months. While marketing and sales remain the top challenges, the data shows that MSPs are becoming savvier about this aspect of their business.

Security concerns also remain a top priority for MSPs and their clients. Ransomware and cybersecurity have almost doubled as a pain point, from 14 per cent in 2017 to 30 per cent in 2019.

To read the findings, access the State of the MSP Report [here](#).

About Datto As the world’s leading provider of IT solutions delivered by Managed Service Providers (MSPs), Datto believes there is no limit to what small and medium businesses can achieve with the right technology. Datto offers business continuity and disaster recovery, networking, business management, and file backup and sync solutions, and has created a one-of-a-kind ecosystem of partners that provide Datto solutions to half a million businesses across more than 130 countries. Since its founding in 2007, Datto has earned hundreds of awards for its rapid growth, product excellence, superior technical support, and for fostering an outstanding workplace. With global headquarters in Norwalk, Connecticut, Datto has international offices in the United Kingdom, Netherlands, Denmark, Germany, Canada, Australia, China, and Singapore. Learn more at datto.com.au.

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