

Highlights from Datto's Global State of the MSP Report

Trends and Forecasts for 2024

Datto surveyed more than 1,500 managed service providers (MSPs) worldwide to learn more about who they are and what they care about. The result: A wealth of data and insights from a diverse sample of MSPs on how they run their business, the solutions they use to serve clients and their predictions for 2024.

What's Keeping MSPs Up at Night

Competition remains a significant concern for MSPs, especially as a growing number of players continue to enter the field.



01

For the third year in a row, MSPs across all regions said competition was their biggest challenge – **35%**, up from **29%** in 2022.

02

The upside of this increased competition is that it is driving MSPs to innovate and differentiate themselves to compete. When asked about their biggest growth drivers, cybersecurity concerns and awareness were cited as the top **new-business drivers (54%)**.

03

The top reasons to turn to an MSP that respondents in North America cited are increasing concerns about **cybersecurity risks (54%)** followed by needing more expertise than they have internally (**50%**).

Strategic Priorities and Current MSP Offerings

MSPs are juggling a multitude of strategic priorities, with a strong focus on enhancing the customer experience and growing revenue, which tied in first place as the top strategic priorities among respondents in North America.

Top MSP strategic priorities in North America

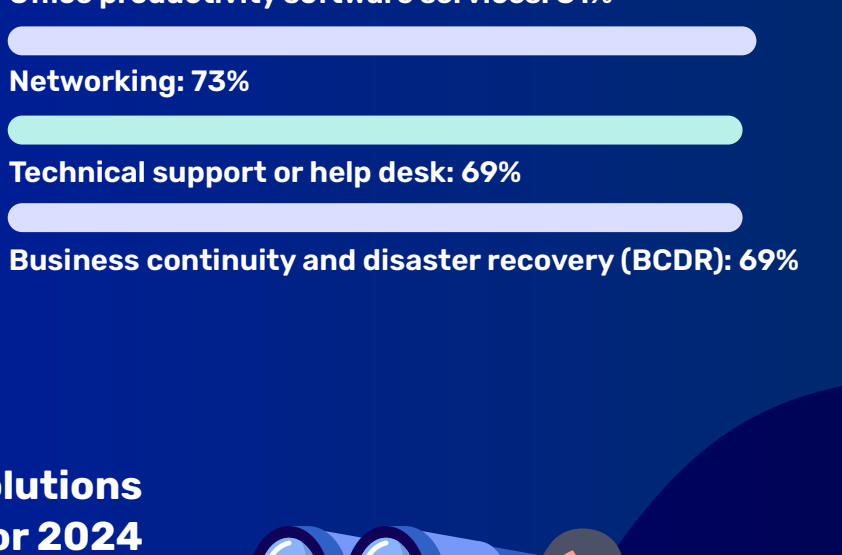


When analyzing the importance of improving the customer experience, respondents across all regions consider it to be either the top priority (**44%**) or a high priority (**47%**).

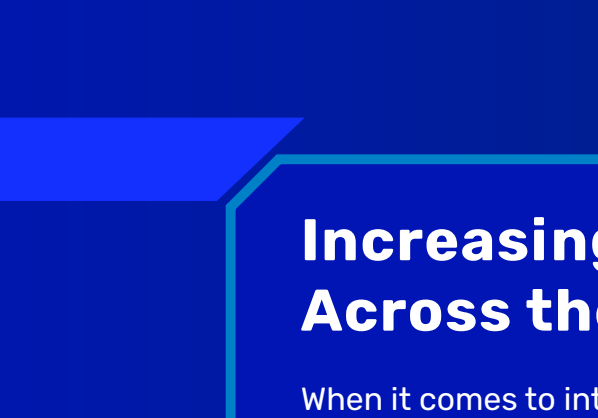
44%

47%

Top solutions offered by MSPs across all regions



Top planned MSP solutions across all regions for 2024



Increasing Vendor Fatigue Across the Board

When it comes to interacting with vendors, for our respondents, less is more.

MSPs are increasingly looking to consolidate their technology vendors. Our respondents adhered to this trend to streamline relationships, streamline billing and reduce time wasted moving between disparate applications.

This trend is driven by a desire for reduced costs and complexity and increased efficiency.

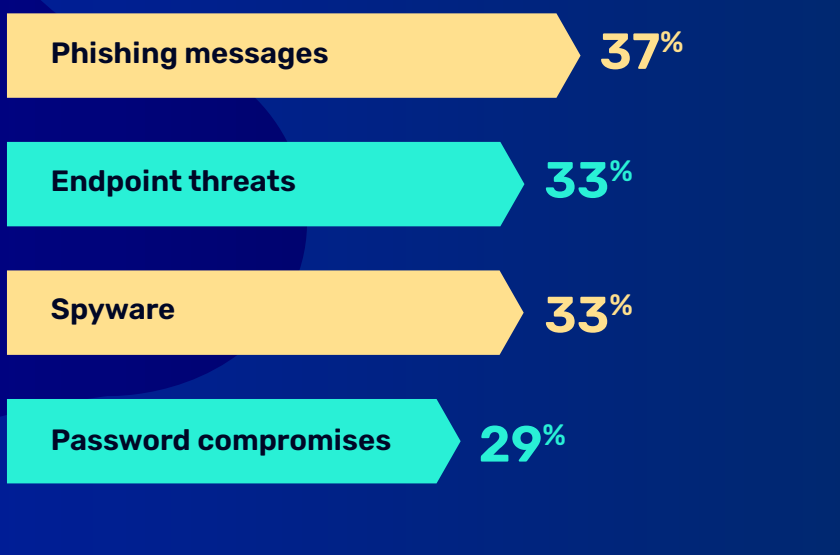
74% of respondents said they prefer to use fewer vendors to meet their technology needs.

Interestingly, when analyzing this data further, we found that respondents with a higher percentage of recurring revenue are more interested in consolidating vendors and far less content with their current size.

Cybersecurity Concerns, Issues and Barriers

Cybersecurity remains a top concern for respondents, with computer viruses emerging as the most prevalent cybersecurity issue.

Top 5 cybersecurity threats faced in North America



Top cybersecurity solution barriers across regions



Where Do SMB Workloads Live?

Approximately half of respondents report that 50% or more of their clients are shifting their workloads to the cloud.

MSPs in North America anticipate the most significant shift in cloud migration in the next three years, driven by clients adopting Infrastructure-as-a-Service (IaaS) and migrating databases and email servers to the cloud.

Nearly half of respondents (**47%**) predict that **75% to 99%** of their client base will move workloads to the cloud in the next three years.

While the cloud is an attractive option, there are still reasons for clients to maintain on-premises workloads, particularly in North America, where **18% of MSP respondents** expect workloads to move to the client's data center in the next year.

Reasons for keeping on-premises workloads include concerns about trust and security in the public cloud, the need for operational transformation, and compliance requirements.