

MSP Global Pricing Survey

Q4 | 2013



Introduction

Kaseya provides IT systems management software that helps managed service providers (MSPs) and mid-market enterprises drive growth, innovation, and most importantly, customer success. Kaseya's solutions are in use by more than 10,000 customers worldwide in a wide variety of industries and Kaseya serves as a leading solution for 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 actually deliver to corporate IT clients, many of which are offered by the largest and most progressive MSP firms in the market today.

We are pleased to once again share the results of our annual survey of Kaseya MSP customers. In this year's survey, we gathered data from Kaseya MSPs on the emerging types of services they offer, why they offer them, how Kaseya MSPs price these services, and how they are being consumed by corporate IT, with particular emphasis on the most important IT service management trends today -- cloud and BYOD.

These findings are gathered from owners and operators of more than 1,000 MSP firms of all sizes, spread across more than 20 countries.

Survey Methodology

Kaseya conducted its annual user survey in Q3 of 2013 using a structured questionnaire. At the time of the survey, users reported a range of 90 to 45,000 devices under management and where applicable, prices were converted to \$USD using FX rates as of November 1, 2013. For the respondents, the company demographics included break-fix, monitoring-only, pure-play-MSP, cloud-SP, and power-user-MSP, whereas user demographic titles included owners, principals, directors, managers, administrators, and technicians.

Kaseya worked with leading independent research firm TechValidate to compile the survey findings (<http://www.techvalidate.com/product-research/kaseya>) and the results are listed as categorical replies to each corresponding question received from 10 customer regions. Note that only data from countries with more than 20 responses are reported herein. Also 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.). We've made every attempt to provide that data in a format that is most useful to the widest audience for this report.

Survey Results

The results are broken out in the following categories:

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

Survey Results

A. MSP Demographics

In this section, we present company information provided by the MSP respondents.

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

Less than 10	10 - 25	26 - 50	51 - 100	More than 100
4%	26%	32%	21%	17%

2. What is the annual sales performance of your MSP firm (CAGR during the past 3 years)?

Less than 0%	0% - 5%	6% - 10%	Greater than 10%
2%	23%	34%	41%

3. What do you expect to be the top IT problem or service need for your client(s) in 2014?

Top IT problem or service need in 2014	Response
More data generated in the enterprise	15%
Increased cloud adoption	14%
More devices on the corporate network	26%
More IT procedures need to be automated	24%
Heightened security risks	16%
Other	5%

B. General Pricing

In this section, we present findings of general pricing techniques of the MSP respondents.

4. In what country is your corporate office located and what is the mix of your solution services?

Country of Respondent	# of Respondents	Break Fix/Block Hours	Managed Services
Australia	100	16%	84%
Canada	34	15%	85%
India	55	20%	80%
Netherlands	99	20%	80%
New Zealand	23	30%	70%
South Africa	22	18%	82%
United Kingdom	44	9%	91%
United States	609	12%	88%
Worldwide Average		13%	87%

5. What is the basis of your MSP pricing strategy and pricing model?

Determiner of MSP Pricing	Response
Set by CEO or Senior Management	23%
Price Match or Market Match	32%
Cost-Based	26%
Value-Based	20%

6. What is your average hourly rate?

Country of Respondent	Average Hourly rate (\$USD)
Australia	\$111
Canada	\$90
India	\$30
Netherlands	\$110
New Zealand	\$82
South Africa	\$64
United Kingdom	\$100
United States	\$120
Worldwide Average	\$94

7. What is the predominant managed service pricing model you use?

Type of Pricing Model	Response
Per Device	24%
Tiered	28%
Per user	25%
Value based	23%

8. How much do you charge on average for ongoing desktop support and maintenance per month?

Country of Respondent	Average Desktop Support Rate (\$USD)
Australia	\$45
Canada	\$84
India	\$31
Netherlands	\$42
New Zealand	\$49
South Africa	\$49
United Kingdom	\$36
United States	\$59
Worldwide Average	\$54

9. How much do you charge on average for ongoing server support and maintenance per month?

Country of Respondent	Average Server Support Rate (\$USD)
Australia	\$200
Canada	\$182
India	\$99
Netherlands	\$188
New Zealand	\$245
South Africa	\$109
United Kingdom	\$156
United States	\$201
Worldwide Average	\$177

10. What is your average billing fee per user per month?

Less than \$50	\$50 - \$100	\$101 - \$150	More than \$150
10%	22%	44%	24%

11. What is the average size of your monthly managed services contract?

Less than \$1,000	\$1,001 - \$5,000	\$5,001 - \$10,000	More than \$10,000
10%	60%	15%	15%

12. Do you include a number of onsite hours with your managed services package?

No	Less than 4 hours	Between 4 - 8 hours	More than 8 hours
50%	25%	13%	12%

13. Which general MSP services do you provide?

Country of Respondent	Respondents	Desktop Support	Server Support	Mobile Device & BYOD Services	Audit & Discovery	Remote Monitoring	Service Desk	Backup & Recovery	Security	Patching & Update	Business Service Monitoring	Cloud Monitoring
Australia	81	79%	80%	52%	68%	80%	49%	61%	62%	58%	2%	7%
Canada	30	71%	79%	41%	68%	80%	31%	61%	62%	58%	2%	7%
India	51	66%	68%	21%	60%	70%	35%	50%	68%	68%	1%	2%
Netherlands	81	79%	80%	44%	61%	79%	44%	60%	61%	61%	3%	3%
New Zealand	17	85%	88%	50%	61%	87%	49%	65%	79%	78%	1%	1%
South Africa	19	86%	82%	42%	52%	83%	66%	84%	86%	81%	1%	1%
United Kingdom	70	86%	82%	64%	80%	81%	64%	84%	89%	89%	9%	8%
United States	541	88%	89%	71%	84%	88%	71%	86%	90%	90%	16%	19%
Worldwide Average		82%	83%	61%	50%	80%	55%	74%	70%	68%	2%	4%

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

Less than 25%	25% - 50%	51% - 75%	More than 75%
10%	19%	38%	33%

15. Do you provide any specialized managed services to horizontal/vertical industry clients?

Type of specialized service/offering	Response
Advanced Monitoring	29%
Advanced Security	26%
Advanced Backup	25%
Cloud	18%
Vertical industry or compliance	18%
Advanced mobility	17%
Advanced asset management	8%

C. Cloud Services Pricing

In this section, we present findings of cloud services pricing techniques of the MSP respondents.

16. What are the fees you charge for core cloud services?

Cloud Exchange email services, per mailbox per month

Less than \$5	Between \$5 - \$10	Between \$11- \$15	Greater than \$15
19%	45%	33%	3%

Other Cloud email services, per mailbox per month

Less than \$0.05	Between \$0.05 - \$1	Between \$1.01 - \$2	Greater than \$2
27%	29%	42%	2%

Cloud storage services, per GB per month

Less than \$0.05	Between \$0.05 - \$0.10	Between \$0.11 - \$0.25	Greater than \$0.25
3%	24%	22%	51%

Cloud backup services, per GB per month

Less than \$0.05	Between \$0.05 - \$0.10	Between \$0.11 - \$0.25	Greater than \$0.25
5%	12%	29%	54%

Cloud Sharepoint services, per user per month

Less than \$1	Between \$1 - \$5	Between \$6 - \$10	Greater than \$10
2%	34%	19%	45%

Private cloud services, per environment (assume 4vCPUs and 4GB/100GB with 2 VMs) per month

Less than \$200	Between \$201 - \$300	Between \$301 - \$400	Greater than \$400
11%	25%	27%	37%

Cloud monitoring services (assume VMs, network performance, applications, and datacenter server) for 25 devices and 2,500 metrics, per month

Less than \$500	Between \$501 - \$1,000	Between \$1,001 - \$1,500	Greater than \$1,500
2%	41%	21%	36%

D. Mobile Services Pricing

In this section, we present findings of mobile services pricing techniques of the MSP respondents.

17. What are the fees you charge for MDM & BYOD services

MDM subscription, per device per month

Less than \$2	Between \$2 - \$5	Between \$6 - \$10	Greater than \$10
21%	35%	30%	14%

BYOD services via container management (assume browser, email, documents, and applications), per user per month

Less than \$5	Between \$6 - \$10	Between \$11 - \$15	Greater than \$15
38%	20%	25%	17%

Mobility as a service or managed mobility services, per user per month

Less than \$10	Between \$11 - \$20	Between \$21 - \$30	Greater than \$30
37%	11%	30%	22%

E. Future MSP Trends

In this section, we present a pricing outlook for 2014 based on predictions provided by the MSP respondents.

18. For the near future, what is your general MSP pricing outlook for 2014?

Increasing our prices	Decreasing our prices	No planned changes
30%	25%	45%

Conclusion

The results of the 2013 global MSP pricing survey are quite compelling: there are significant profit opportunities for MSPs in 2014. Using the survey responses provided by pure play MSPs who have adopted a variety of pricing models to deliver profitable services to end users, 28% of MSPs use a tiered pricing model. The per-user pricing model is well adopted (25%) too, and 68% of the respondents who use per-user pricing say they earn more than \$100 per user per month. The per-device pricing model is still used widely (24%) also, oftentimes for server management and MDM services. However, the greatest profits are earned by MSPs who use a value-based model, but far too few (only 23%) MSPs use value-based calculations to set prices.

The 2013 survey results also reveal that less than 3 in 10 MSPs deliver specialized services as a key way to differentiate their firm and lock in higher client retention rates. Conversely, MSPs who have embraced new market trends, such as Cloud and BYOD or mobility services, not only are earning new sources of revenues, but also are outperforming their MSP peers in annual growth rates. For example, improved IT agility and scalability continue to be the core drivers for cloud adoption in SMB environments. MSPs who deliver cloud services typically earn fees that range from \$200 to \$400 per user per month (52% of respondents) for managing private clouds, whereas other MSPs earn fees from \$500 to \$1,500 per month (62% of respondents) for just monitoring a wide range of cloud services. In another sales opportunity example, greater employee productivity continues to be the core driver for mobile IT services in SMB environments; MSPs who deliver mobility services earn fees that range from \$11 to \$30 per user per month (41% of respondents).

In summary, the most progressive MSPs are delivering highly differentiated, value-adding services, which will set them on a profitable growth course for a highly successful 2014.

About Kaseya

Kaseya is a leading global provider of IT systems management software. It is the only vendor to provide a complete IT management solution delivered both via cloud and on-premise. Kaseya technology empowers MSPs and mid-sized enterprises to proactively manage and control their IT environments remotely, easily and efficiently from a single platform. Kaseya solutions are in use by more than 10,000 customers worldwide in a wide variety of industries, including retail, manufacturing, healthcare, education, government, media, technology, finance, and more. Kaseya is privately held with a presence in over 20 countries.

To learn more, please visit www.kaseya.com.

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