

The State of Managed Services Providers Report 2021

The Cloud, Connected Workforce, and the Modern MSP Mandate



The Digital Transformation Experts

Introduction

As technology has shifted and evolved—moving to the cloud and responding to current cybersecurity threats—more IT leaders are seeing their MSPs as relics of days past. MicroAge, The Digital Transformation Experts®, surveyed a cross-section of IT leaders on the performance of modern (and not-so-modern) MSPs to identify where they need more support and outside expertise.

To track how well MSPs are keeping up with IT decision-makers and their technological needs, MicroAge surveyed over 200 IT professionals working with MSPs to learn about their experiences with providers. The survey covered a broad range of topics designed to gauge how well MSPs meet the expectations and needs of the IT professionals and businesses they serve.



In this report:

This report focuses on five key points identified within the research to help IT decision makers:

1. Understand what their MSPs are doing right
2. Understand what MSPs are doing wrong
3. Learn how a modern MSP should support their end-to-end technology needs—from cloud services security to IT management and beyond

Overview

Our survey included:



235 IT decision makers



Businesses with 250-2,499 employees



Goal:
To learn about the relationships between businesses and their IT MSPs

The unweighted survey found that according to IT leaders, even satisfactory MSPs are failing to meet the mark. Although many respondents indicated that they are happy with their current providers, the responses revealed a fundamental disconnect between capabilities and expectations—and not in the way one might expect.

The survey shows that IT leaders and decision-makers are consistently underserved by MSPs in key areas like cloud strategy, security, and IT spending—all of which are top priorities for IT leaders given the changes to work-life wrought by COVID-19.

Key Findings



Nearly half of IT leaders say the capabilities of their MSPs are lacking



There is a disconnect between services, expectations and reality



46% cite cloud support as something their organization could benefit from but unsure if their MSP offers it



IT leaders utilizing MSPs that cannot modernize will fall behind

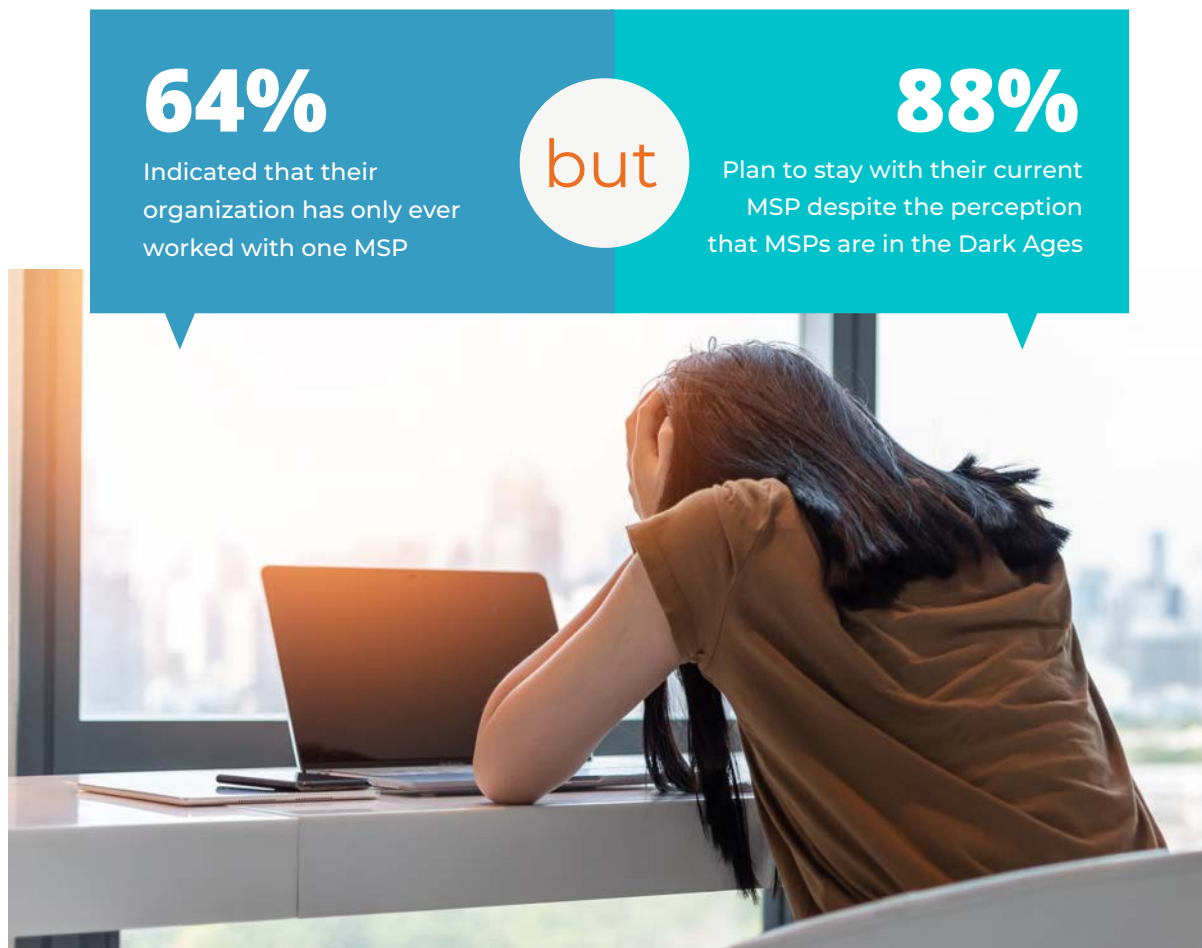


Looking for MSPs to modernize by actively offering new technologies that help address cost concerns for connected workforces

1. Nearly half of respondents say the *capabilities* of MSPs are lacking.

Although 55% of respondents say that the technological capabilities of MSPs are “cutting edge,” the other 45% indicated that MSPs’ capabilities are “middle of the road” or “in the Dark Ages.”

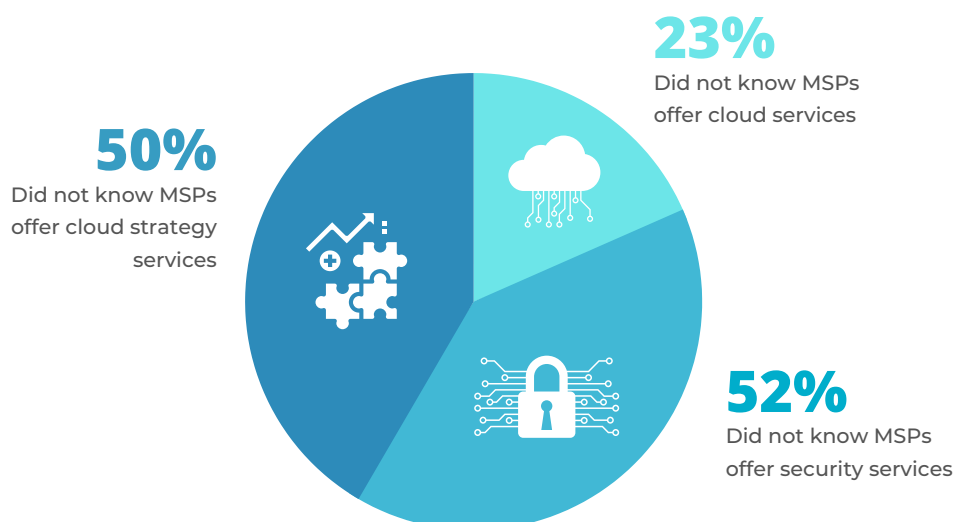
That means that almost half of the IT leaders surveyed are unaware of or unimpressed by the technical services their MSP offers. Even so, they stay with their MSPs, sometimes to the detriment of their businesses.



2. There is a *disconnect* between services, expectations, and reality.

So, what does the underestimation of MSP capabilities by IT decision-makers mean? It means that IT leaders are settling for less than they deserve because they don't realize that a modern MSP could be doing more.

Many IT leaders are unaware of what MSPs offer and what they're entitled to; when asked what functions MSPs (in general) offer, 87% said IT services. That's a good start. However:

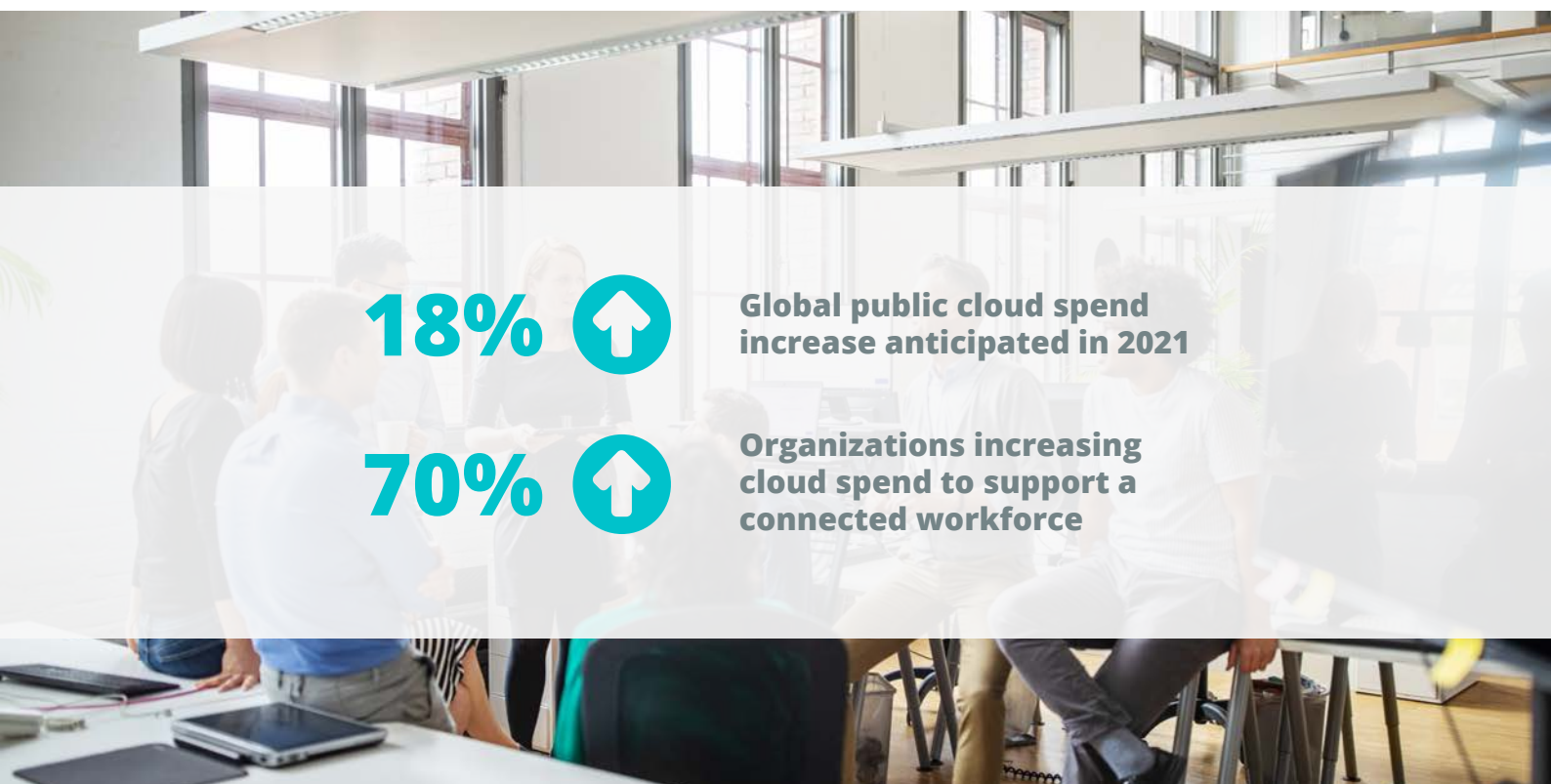


These IT leaders are missing out on the full capabilities available from the right MSP; not because they don't want to utilize those services—they don't know that the services are available to them from a modern MSP. That's a huge disconnect considering the pressure that rising expectations and resource limitations are putting on in-house IT teams daily.

These findings show that IT leaders' misconceptions about available MSP offerings have devastating impacts across businesses that limit digital transformation and agility. With more education and awareness on what makes a modern MSP, more IT leaders can identify the right MSP and understand how they can propel real digital transformation and major agility gains. Cloud strategy, cloud services, and security services are key to remaining competitive in today's disruptive digital marketplace. To thrive in the volatility, IT leaders must vet their MSPs to ensure they cover these priorities to better support business objectives and the growing global connected workforce.

3. Respondents frequently cited *cloud support* as something their organization could benefit from with their MSP.

In newly connected workforces, IT professionals urgently need robust cloud strategies and services. According to Gartner*:



46% percent of survey respondents cited cloud support services as an area in which their IT department struggles with a lack of support—despite these services being offered by MSPs.

Only 47% of respondents' businesses utilize their MSPs for cloud services at all, and just 26% think that an MSP could help in this arena. **This lack of offerings or communications between IT leaders and MSPs about their abilities speaks to the desperate need for IT leaders to vet MSPs more thoroughly on their latest offerings and services.**

*Source: Gartner Forecasts Worldwide Public Cloud End-User Spending to Grow 18% in 2021 [Press Release]. Gartner. Nov. 17, 2020. Accessed Sept. 3, 2021. [gartner.com/en/newsroom/press-releases/2020-11-17-gartner-forecasts-worldwide-public-cloud-end-user-spending-to-grow-18-percent-in-2021](https://www.gartner.com/en/newsroom/press-releases/2020-11-17-gartner-forecasts-worldwide-public-cloud-end-user-spending-to-grow-18-percent-in-2021)

4. IT leaders are seeking modern MSPs for new technologies to address connected workforce *cost concerns*.

Respondents indicated that cost is the most important factor to them when considering who to contract as their MSP.



36%

Indicated that they are reconsidering their contracts due to cost, although most of those surveyed noted that they are likely to renew their current contract when the time comes.

IT leaders looking to maximize technology investments need to understand that a key marker of what comprises a modern MSP is that it eliminates excess tools needed for network management.

MSPs can help cut down on:



ALERTS



EXPENSES



TIME REQUIRED

Additionally, IT leaders should be working with MSPs who are investing in cloud and other new technologies with the ability to tailor offerings to their unique business needs. These areas are critical in keeping pace with new technologies with the ability to quickly adapt or scale-up IT services, support, and infrastructure in a volatile market ripe with disruption.

5. IT leaders and MSPs that cannot *modernize* will fall behind.

Every IT leader utilizes MSPs in a different way—and business needs shift over time. IT leaders need to ensure they are identifying MSPs that embrace the flexibility of cloud services and other technologies to support connected workforces or risk falling behind competitors. While satisfaction with MSP services was relatively high overall among IT professionals surveyed, almost half of respondents see room for improvement. Meanwhile, 78% of IT leaders cite their MSP as impacting their business growth.

Partnering with a modern MSP that meets IT leaders where they are—on the cloud—and helps them actively mitigate new emerging threats across the cybersecurity landscape is critical to maintaining a competitive edge and promoting business resilience and agility.

The survey found that even MSPs that IT leaders label as satisfactory are falling short in key areas:



With that in mind, it's imperative that IT decision-makers have a better understanding of what to look for in a modern MSP. IT leaders need to understand how MSP prices, packages, and offerings meet their needs and support their connected workforce. In a fast-moving, disruptive digital age, IT professionals who do not leverage edge technology solutions and services risk swiftly falling behind their competitors.

Conclusion

IT leaders are expressing concern about their MSP not keeping up with rapid technological advancements—particularly with cloud services. Under mounting pressure and changing requirements, IT leaders are facing an unprecedented rise in the need for flexible, remotely connected networks and workplaces, requiring adaptive IT support.



"A modern MSP should be helping organizations swiftly embrace the new reality of remote connected workforces. IT leaders need to see if their existing MSPs are keeping current. Are they still heavily reliant on file servers, or are they migrating to cloud services and Microsoft Teams? Are they helping to cut down on excess applications and alerts?"

These are some of the things we look for when identifying MSPs embracing modern solutions versus those stuck in their ways and ultimately holding their clients back. IT leaders need modern MSPs that are working for them, not against them."

- Kyle Yencer, MicroAge Vice President of Services and Connected Workforce

About MicroAge

MicroAge combines a powerful mix of technology services and solutions, backed by vendor-certified engineers and an acclaimed panel of experts to deliver the competitive edge technology leaders need to lead in a disruptive, digital environment. MicroAge is recognized annually on the Tech Elite 250, Solution Provider 500, and MSP 500—Elite150 lists of top-performing technology integrators, strategic and managed service providers, and IT consultants.

Headquartered in Tempe, Arizona, MicroAge has a rapidly expanding national salesforce and services presence to support growing demand. To learn more, visit microage.com.