



The State of Scaling Managed Services:

Growth Goals and
Business Barriers
Facing Today's MSPs



Executive Summary

Atria asked managed services business owners to identify the business challenges and growth opportunities they face today—and expect to face in the upcoming year. **The results reveal the critical role operational efficiency plays in business growth.**

More specifically, customer onboarding and services management tasks have an over dependence on manual or otherwise time consuming processes. **Without automation, managed services providers (MSPs) reach a growth ceiling where manual processes can't scale effectively,** limiting business growth and pulling focus from more strategic goals.

Key takeaways...

1 MSPs ability to onboard new customers is limited.
Around 37% of MSPs can onboard ten new customers in a single month. Lack of automation is the key—only 25% of MSPs say they are able to automate the process.

2 Security and access control are chronic concerns.
From accurate provisioning/deprovisioning to preventing data leakage and site-wide security, many MSPs lack role-based access and system-wide management tools.

3 Customer self-service is in its infancy.
While 58% of MSPs offer some level of customer self-service, direct access to high-privilege admin tools introduces more problems than solutions.

4 Automation unlocks business growth.
Managing customers and services manually are MSPs' biggest pain point. Without automation, MSPs limit their ability to focus on growth strategies including sales, marketing, and new technologies.

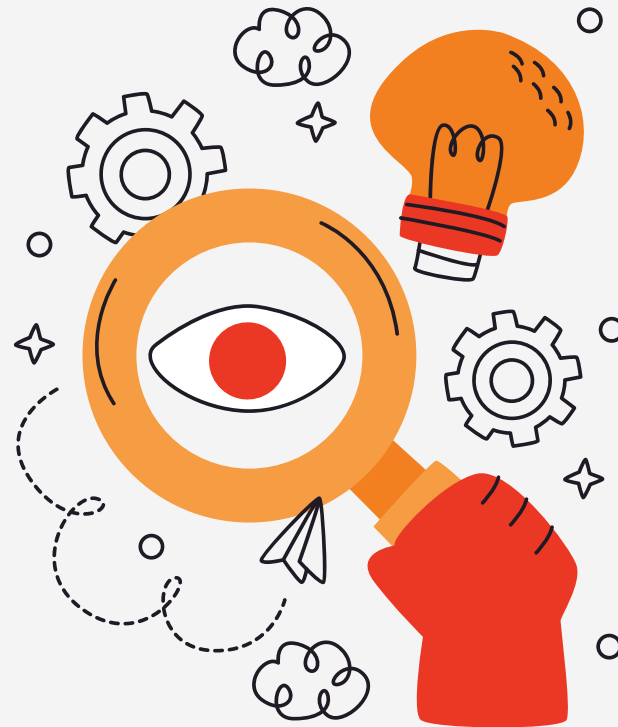
The growing managed services market

Today's managed services market is booming—and is expected to keep growing. MSPs have no shortage of customers looking to improve operations while reducing expenses in order to refocus their businesses on core competencies. This need was further catalyzed by COVID-19, where remote-first work environments accelerated the need for managed services.

The benefits that draw customers to managed service solutions (improved operations and cost savings) can also limit many MSPs' ability to scale. The complexity of operating a managed services business means many MSPs hit a **“growth ceiling”** as the capacity of their technical support and onboarding teams struggle to keep pace with incoming customer demands.

Methodology

Atria surveyed nearly 170 managed services business owners to identify the business challenges and growth opportunities encountered by today's MSPs. Self-identifying as hosters or service providers, cloud providers, system integrators, VARs, MSPs and ISVs, respondents shared how they currently operate and their goals and barriers to growth in a market hungry for managed services.





Demand for managed services is at odds with MSP business scalability

Faced with an unprecedented market demand for managed services, it's clear MSPs are committed to business growth—the challenge comes in an MSP's ability to effectively scale. This difficulty can be attributed in part to finding new and more efficient solutions to daily operating issues like streamlining administrative tasks, offering customer self-service, automating billing, and more. Let's take a closer look at the business challenges and growth opportunities facing today's managed services providers.

Business growth is top of mind

It's no surprise that MSPs top three business goals point to business growth as a priority. Specifically, MSPs identified **lowering operating and management costs** as the top goal, followed by **improving operational efficiency** and **acquiring new customers**—three priorities that go hand-in-hand for successful scaling. However, it is likely unprofitable to acquire new customers if management costs are too high and/or operations are bloated or inefficient.



Onboarding capacity is limited

The ability to acquire new customers starts with the ability to onboard them. Our survey revealed **only 37% of MSPs could onboard ten new customers in a single month** (a moderate amount of new customers for a growing mid-sized MSP). The majority (53%) said they felt they could meet the demand with existing operations and staff, but it would be a drain on resources, taking extra time and longer days.

If onboarding new customers increases time, then it also increases cost. Additionally, onboarding capacity is a sign of things to come. If it takes extra time and longer days to onboard new customers, then MSPs can expect that it will take similar resources to service those customers on an ongoing basis. Direct impacts to an MSP include:

- **Staffing shortages**
- **Helpdesk overload**
- **Higher payroll costs**
- **Negative first-impression customer experiences**

So, how are MSPs currently onboarding new customers? The majority rely on **third-party scripts, automation services, and multiple stand-alone apps or service management consoles**. The result is that every new customer onboarding situation becomes unique, bringing a new set of fires to put out rather than being orchestrated with repeatable workflows and processes. Worse yet, some MSPs still rely solely on error-prone manual processes. And who suffers the most? The customer with high expectations for immediate value and justification on their decision to entrust you with their business-critical applications.

Top methods for onboarding new customers/tenants



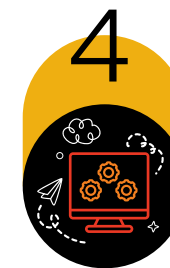
3rd party scripts or automation services



Multiple standalone application or service management consoles



Custom developed scripts or automation services



Single unified (multi-application/services) management console

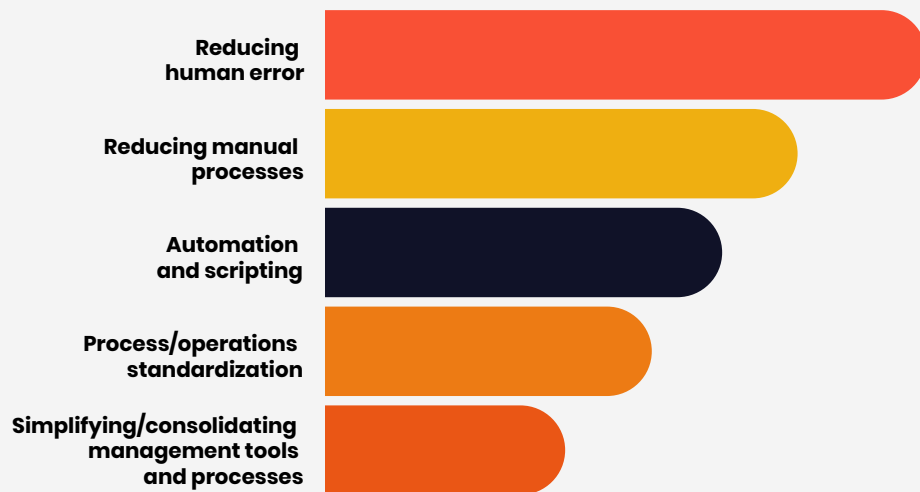


Manual processes

Error-prone processes must be replaced

When it comes to operations, MSPs want to save time by avoiding mistakes, whether it's intended to streamline workflow or simply minimize unnecessary issues. MSPs ranked **reducing human error as the most important operational goal** in the next year, followed by **reducing manual processes** and **weaving automation and/or scripting into workflows**.

Operational goals that are a priority in the next 12 months



While every managed services business can benefit from these priorities, a growth-focused MSP can actually expand its customer capacity by:

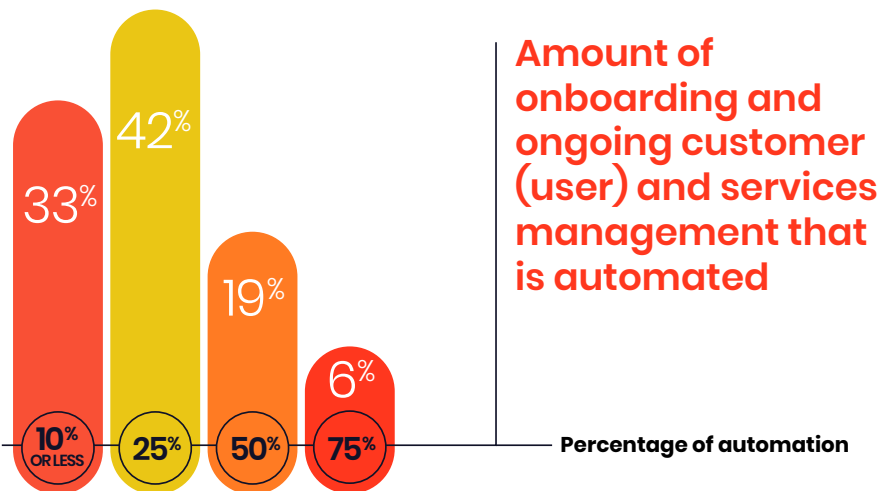
- **Providing end-customers with a self-service portal, enabling them to manage their own administrative or role-based tasks.**
- **Automating repetitive tasks like moves/adds/changes, and password resets.**
- **Consolidating and simplifying the number of management tools and touchpoints.**
- **Standardizing usage reporting, licensing management, and billing.**

The reality is these tasks remain manual, they cost time, introduce errors, and create dependencies on high-skilled workers. At the end of the day, most MSPs will need to find a platform to help them automate more of their day-to-day business and shift more services management to lower skilled helpdesk teammates in order to realize these goals.

Automation is widely underused

As important as automation is to a growing managed services business, most MSPs are just getting started with automation and customer self-service is in its infancy.

Only 4 out of 10 MSPs have automated 25% of their customer/service management, and 1 out of 3 has automated 10% or less.



This delay in implementing automated solutions could be caused by the wide breadth of tools MSPs employ to help manage their business. At the top of the list is Microsoft SPLA, Citrix Service Provider (CSP) and vendor licensing reporting, followed by Active Directory management and Microsoft 365 license purchasing.

Highest priority services to automate and manage

1  **Microsoft SPLA, Citrix CSP, and vendor license reporting**

2  **Active Directory user and group management**

3  **Microsoft 365 license purchase and allocation**

4  **Cloud Identity Management**

5  **Online backup**

6  **Application access and control**

7  **Endpoint devices**

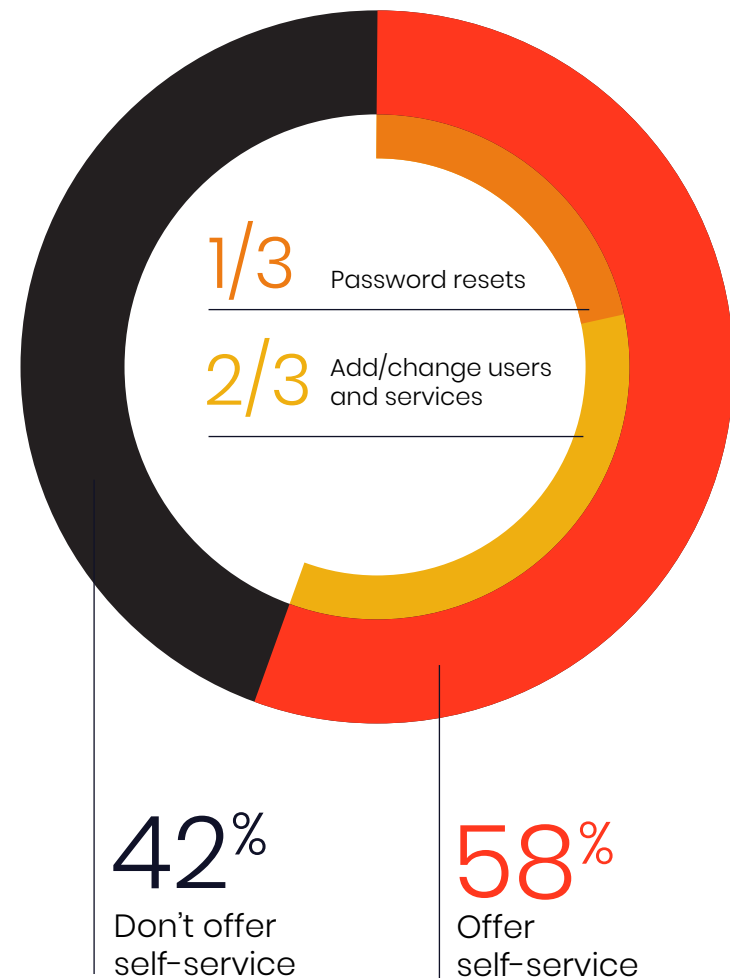
While there are a variety of tools that make services management easier, more tools can mean a lot more risk, especially when relying on manual processes to bring all that information together in way that's meaningful to the business. Automation and standardization are important for growth, but it's easier when it's managed from a single, unified platform versus disparate tools. MSPs that reduce the number of management touchpoints and replace them with automated workflows will naturally be able to scale easier.

Expanding the role of self-service

The good news is that many MSPs report providing end-customers some level of self-service. Password resets and basic service provisioning are the most common type of self-service MSPs offer today, with more mature partners offering a full range of self-service capabilities. **But 42% still offer no self-service at all, which means all roads lead to the helpdesk.**

Providing customer self-service can drive big business impact, including cost reduction and time savings. For instance, consider the typical MSP helpdesk. When an issue can't be resolved by frontline staff, it escalates to an engineer. This not only increases the resolution time, but also now involves an employee with a higher wage. However, systems with more intelligent automation empower frontline staff to handle the issue before it's pushed to an engineer, saving both time and money.

Self-service management options provided to customers



Addressing security and access controls

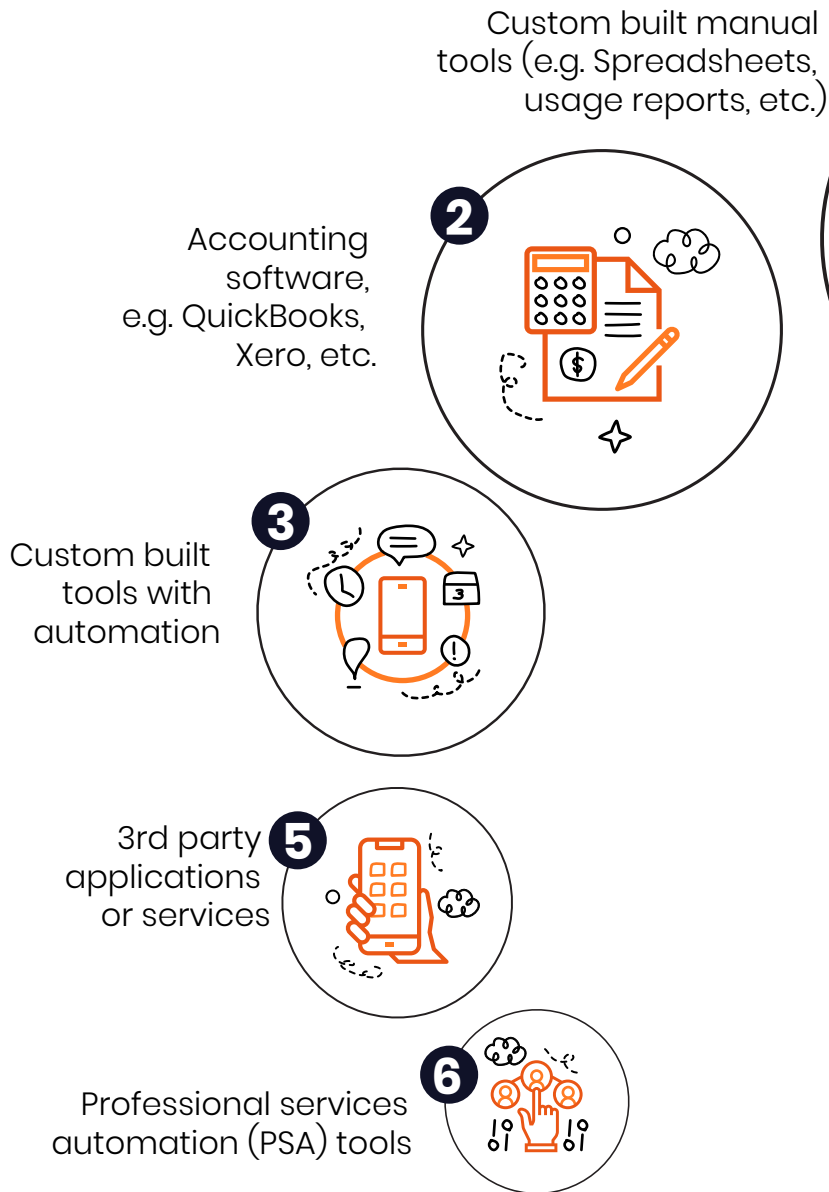
Understandably, security is a concern for growing MSPs, especially when it comes to protecting customer data. This reflects the larger security concerns for today's businesses as infrastructure becomes increasingly decentralized and virtual. But a security breach with a managed services provider puts more than the MSP's business at risk. It has the potential to impact end-customers' businesses too.

MSPs' top security concerns include preventing data leakage, accurate provisioning and fully deprovisioning customer/end user access, and site-wide access and security.

However, while role-based staff and end-user privileges rank toward the bottom, the reality is that these things help solve these pressing security concerns. For instance, providing role-based self-service to end-customers can allow customers to safely provision and deprovision services, taking responsibility off MSPs. And role-based staff privileges help to limit unauthorized access and minimize manual mistakes. Truth be told, by using a role-based services automation platform, these exact security concerns can be solved—faster and easier.

Security concerns that are a priority in the next 12 months





Top methods to track and manage customer invoices and subscription billing

Manually-assisted billing and reporting

It's obvious: accurate billing is central to a profitable managed services business. Surprisingly, a majority of MSPs report using a combination of manual tools (such as spreadsheets and usage reports), out-of-the-box accounting software, and—to a lesser extent—custom-built automation tools.

Even with automated tools, most MSPs are still relying on manual processes, whether outright or as a means to combine disparate tools and systems for accurate billing. Not only is this time consuming on a regular basis, it's error-prone at best. Ideally, usage reporting should originate from a single platform and include the metrics that contribute to a profitable business model.

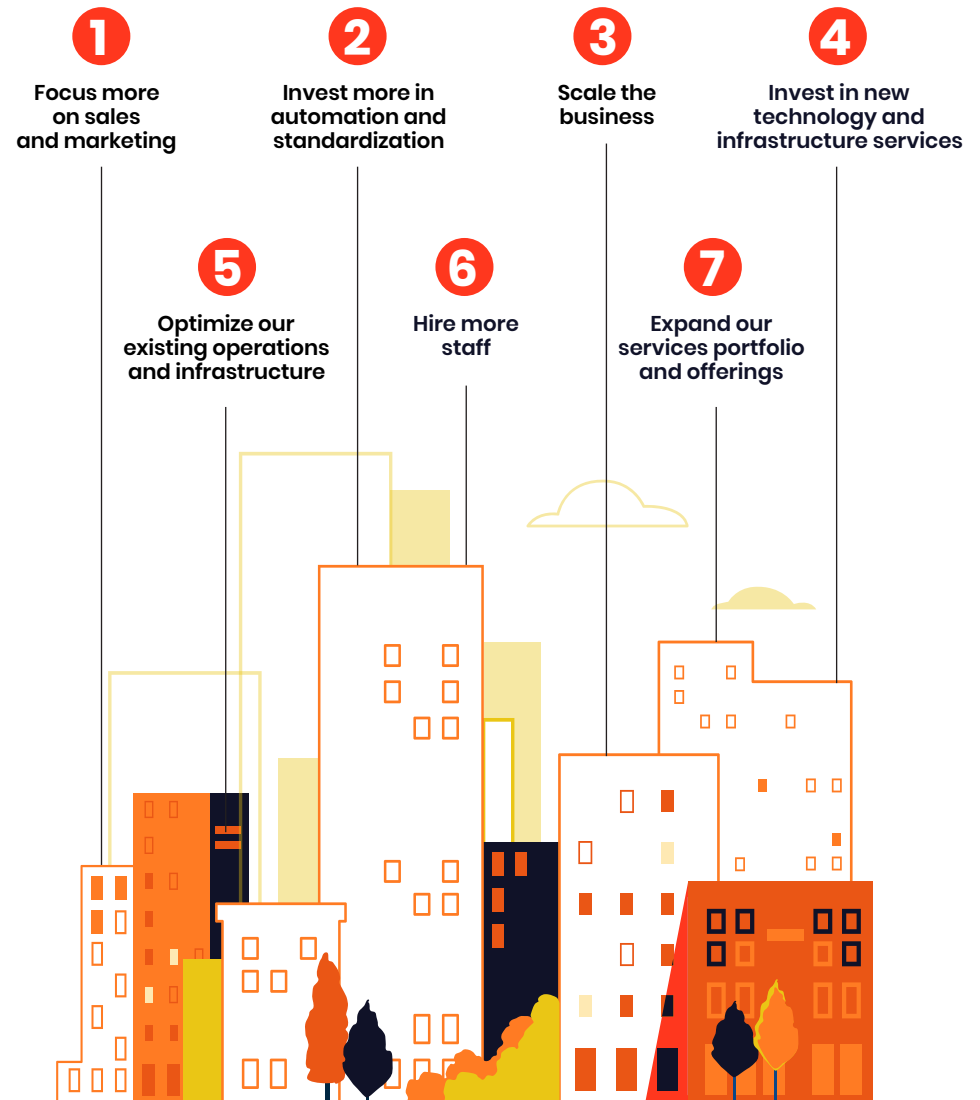
Growth and scalability as the ultimate goal

Just as MSPs identified activities that are the means to business growth, namely lowering operating and management costs, improving operational efficiency and acquiring new customers, they see growth as their end game as well.

When asked what they would focus on if less time was spent supporting end-customers and users, MSPs said they would focus on **more sales and marketing**, **invest in more automation and standardization**, and **scale the business overall**.

This shows that with the right tools, MSPs are committed to taking advantage of the market opportunity at their own front door. Yet it also suggests that those tools have been difficult to find, forcing MSPs to cobble together their own solutions that lack the scalability and flexibility that sustainable growth demands.

Spending less time supporting users/customers, would enable...?





The future of managed services

There's no doubt that MSPs will continue to trailblaze, evolving their businesses in the best ways they can. When it comes to scaling businesses into new arenas (whether that's delivering more services or serving more clients or both), one thing is clear: MSPs need platforms and tools that work together. From smoother onboarding, productizing, and standardizing services to customer self-service, unburdening the helpdesk and more, MSPs need extensible solutions that will scale with their business... for today's growth and tomorrow's success.

About Atria

Atria is a **unified Active Directory, Workspace and Microsoft 365 management portal** designed to help managed services providers scale their business and reduce operating costs.

As the heart of scalable MSP operations, Atria helps productize services and automate delivery for a consistent, standardized and improved end-customer experience.

Atria helps MSPs to streamline service provisioning workflows and administrative tasks, making it so simple that the frontline helpdesk can handle them instead of engineers. Atria also offers customer self-service through role-based permissions and allows MSP's to simplify services, licensing and operations with SKU-based billing.

Learn more at www.getatria.com

