Redstor: The Ultimate MSP Growth Guide

How to super-charge your business in a competitive market

Let's face it, it's a pretty tough gig today for MSPs with growth performance under the spotlight. While the overall managed service market is growing[1], and many MSPs secured new business during the pandemic as they helped companies safely digitize, the market is also attracting new entrants. Many of whom have hyper-relevant, innovative, turnkey solutions and are crowding out established players.

> The global managed services market was valued at $152 billion in 2020, and is expected to reach $274 billion by 2026
>
> - Statista

With customer needs evolving fast, MSPs need to be on the front foot with stand-out propositions. But developing profitable services that meet customer expectations without significant investment, or risk, is becoming harder.

With competition at an all-time high, how can MSPs differentiate and find new ways to deliver sustainable growth? What's the formula for creating new revenue streams, and what do you need to do to expand your customers' share of wallet? Our Growth Guide sets out the top nine focus areas for forward-thinking MSPs who want to not only protect revenue, but to grow in a highly competitive market. **Get ready for some hot tips!**

Make sure you have the 'new normal' covered

For many businesses, the pandemic became a catalyst for adopting digital systems. In particular, the deployment of collaboration tools such as Microsoft 365® and Google Workspace, and MSPs proved worth their weight in gold as they helped firms safely manage the transition. But while there is nothing like a crisis to focus the mind on what needs to happen, the evolution shouldn't stop there.

Ransomware, the unwelcome winner of 2020, looms large, and the chaos created by COVID-19 has opened up new frontiers for threat actors especially in the SaaS landscape. The reality is that with the rise in traffic moving to the cloud, comes a higher level of SaaS penetration that isn't fully acknowledged. **Many businesses are still under the impression that security and backup tools are built into modern collaboration tools, but spoiler alert - they're not.**

Aside from protecting mail and productivity systems (and the rogue data users store locally), any business going through transformation is at risk of data loss. Every time your IT teams upgrades or migrates technology, there is a chance that data will suffer during the move. Organizations that accept data loss as inevitable (and adequately plan for it) will be in a much stronger position than those scrabbling to respond in the heat of the moment.

Yet despite an increase in the number of attacks, many businesses have not deployed advanced backup tools that enable instant data recovery (which is where the real pain is felt by business users). When disaster strikes, companies need to be up and running as quickly as possible, restoring operational data (wherever it is) to users (wherever they are) in seconds, not days. Fortunately, with cloud-based backup tools, data can be recovered in a few clicks.

If you're still promoting limited on-site backup and recovery solutions, it's time to rethink your data management offering and approach. Managing manual, time-consuming backups is a thing of the past. Your customers need software-only data management solutions that provide the full gamut of protection and recovery support. One way to create distance with competitors is by offering an air-gapped, cloud-first approach that includes ransomware recovery and smart, automated threat detection.

TOPS TIPS:

Introduce a 'security prevention' versus 'security protection' approach. Help your customers recognize that breaches are inevitable, and they need to shift beyond prevention to response.

Create clear and practical 'real-life' ransomware incident playbooks and take your customers through these. Include quantified examples of the cost of downtime and scenarios where critical business users can no longer operate for a period of time.

Help your customers effectively eliminate downtime and rebound quickly from incidents. Showcase cloud-based backup tools that enable instant data recovery and guarantee ransomware recovery.

2 Define a unique value proposition

In a marketplace where every MSP offers 'best-in-class', 'deep expertize' and 'end-to-end', why do companies choose you? What is it that really sets you apart? How can you uniquely resolve their pain points? What is the experience you are offering customers that they won't get anywhere else?

Your **unique value proposition (UVP)** is a clear statement of what you do, and how you're different. Explained simply, it should tell your customers why you're the best provider to manage their complex technology needs. Sound easy? Well, developing a truly unique value proposition is pretty hard. And it is why many MSPs fall back on buzzwords, or worse, meaningless slogans. But putting in the hard work is worth it, because by determining the customer value of your services, you can then price accordingly.

The challenge is that customers have a dizzying array of MSPs to choose from, and without a compelling and differentiated value proposition, it's likely they'll gloss over you and turn their eyes to someone who they feel really gets them or offers the lowest price. So, how do you go about creating a UVP? Here are a few questions to get you started:

- **Who is your target audience? Be as clear as possible on who your customers are.**
- **What are their pain points, what's keeping them up at night?**
- **What benefit can you bring? How can you make their lives easier?**
- **Who are you up against, and how do you differentiate (be honest here)?**

Now try and boil that down to a few simple sentences that are clear, concise and impactful. Use everyday language that people easily understand. The most successful and memorable UVPs are brief – to be read in five seconds (or less).

TOPS TIPS:

Speak to your top five customers, or send a wider customer feedback survey, and ask them why they continue to choose you, what your strengths are and what they think your value proposition is.

Once you've created a draft UVP, test it out both internally and externally. Be open to feedback and be prepared to go back to the drawing board if you've missed the mark.

Live and breathe your UVP. Use it in your sales and marketing material. Make it the first thing visitors see when they hit your website. Share it internally to ensure all staff are consistently using the same language when they talk about you.

Craft a strong go-to-market strategy

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You may be highly skilled at solving technology problems for your customers, but have you put the same effort into solving one of your own problems: building a strong brand that generates leads? Successful sales don't happen by accident. It's a carefully planned and orchestrated sales and marketing strategy that delivers results.

With competition out there for every IT dollar, getting your go-to-market strategy right is more crucial to your success than ever before. If you don't know where to start, follow these 8 steps:

1. Carry out an audit – This is the best first step to understand what's working well, and what isn't. It's a way to take stock of sales & marketing assets and efforts. Think of this like a network audit you perform for your customers.

2. Create customer personas & map the journey – To develop marketing messages that speak to your target audience, you need to understand who you're selling to – and your sales team is in the best position to help with this. Create personas based on your ideal customers and map out their typical buyer's journey.

3. Conduct proper product marketing – Bring together sales, marketing and product teams and delve deep into your propositions. Establish what you are selling, who you are selling to, why they need your product, what it delivers and why they should buy from you.

4. Get really clear on your joint goals – Do you want to grow awareness of your brand, or generate more leads? Do you want to cross-sell more to existing customers, how does this impact the sales revenue goals? Spend time thinking about what matters most, then organize your team and tactics to deliver this.

5. Agree on the spend – Establish the budget you need to deliver against your goals and include people, activity, recurring spend and vendor contribution. As a rule of thumb, 10% of revenue is the average allocated to marketing, but some companies, especially newer ones, can allocate up to 25% of revenue.

6. Build impactful campaigns – Centre your campaigns around emotive themes or 'stories' that address the customer's pain points. Make these highly targeted, bold and personalized. Bring these to life with strong creative and copy, and 'multi-touch' techniques.

7. Choose your tactics carefully – In a modern marketing ecosystem, digital tactics like SEO and paid search get all the attention, and rightly so, but don't forget tried and tested tactics such as email marketing, events and referral programs.

8. Measure everything through to conversion – Get really hot on the ROI of activity and change tactics if you're not getting the results. Keep focused on the key business metrics around lead quantity and quality, pipeline velocity and conversion rates.

If you need a second pair of eyes on your strategy, the Redstor marketing team is always happy to review plans and offer advice.

Become *the* trusted expert

People buy from who they know, like and trust. Point solutions to new customers may have gotten you in the door, but what keeps a customer coming back for more? How can you not only 'land' new deals, but also 'expand' accounts? The best way to do this, ironically, is by not being in sales mode all of the time.

One of the main reasons that customers remain with an MSP is because they trust in the solutions, and the service. But today's customers expect more than just updates on new products or to hear from you when it's time to renew. Many of them seek out a solution provider they can partner with and who they see as a trusted advizor – someone who is an extension to their team and who's got their back.

Many customers reach out to an MSP because they want someone who's got a broad knowledge of the market, has deep skills across multiple areas and is always horizon-scanning new technologies. Someone with the right tools to proactively address problems, before they happen. Make sure you're seen as this expert in the room by regularly sharing relevant insights with customers, even in areas where you are not trying to make a sale.

This helps build trust and confidence, as customers feel you have their best interest at heart. And this paves the way for higher-margin services. The more trust you earn over time, the more likely customers will purchase additional services, making them more reliant on you to support and maintain their entire IT infrastructure. And ultimately, customers will spend more on the services of a trusted provider.

TOPS TIPS:

Put effort into getting to know your customers – meet the wider team and business users and really get to grips with their full tech stack, and challenges. Consider running Net Promoter Score (NPS) surveys, or something similar, to assess customer satisfaction levels.

Don't be afraid to put forward alternative options to customers or share ideas on better ways of doing things. Customers often welcome a fresh perspective, and if you don't feel the solution is right for them – then say so!

Utilize your vendor partnerships. Vendors are content experts and regularly produce huge volumes of original content. Curate these and share with your customers, even if the technical solutions aren't services you sell directly.

Keep a laser focus on the bottom line

You want to ensure every customer is profitable for you, although the profit margin may vary from customer to customer. The way you price your services will have a direct impact on your profitability. There are different models such as per-user, fixed price, tiered pricing – you need to fully understand the commercials behind each and choose the right one at the time.

The best place to start is by doing a deep dive on the financials to ensure you fully understand your total cost of ownership for the services you deliver and to ensure costs don't creep in. Here are some questions to consider:

- **Have you incorporated all elements of spend in the service - hardware, licenses, egress, management resource, platform, sales and marketing, onboarding, training and support etc?**
- **Are there ways you can simplify licensing models and billing models?**
- **Are you able to define your margin, and partner with vendors who offer flexible margin models?**
- **How can you increase time-to-market and start generating revenue earlier?**
- **Where can you streamline operations to boost the bottom line, without compromizing quality of service?**

As part of this analysis, a good metric to calculate is the Customer Lifetime Value (CLV) of a typical customer. This gives you a better understanding of what you can spend to acquire customers. Without this baseline data you won't know which customer segment delivers the most profit to your company, and therefore which segments you should focus your marketing activities on. A simple formula for calculating CLV is:

Annual profit contribution per customer X
Average number of years that they remain a customer
Less the initial cost of customer acquisition

TOPS TIPS:

Get crystal clear on customer commercials. Know who your most profitable customers are and why and be prepared to walk away from unprofitable customers. Make sure you're not giving away discounts unnecessarily, and that you're taking full advantage of vendor spiffs and resources.

Don't go in too low with pricing. Most businesses do not opt for the cheapest solution in the market. Think about a value-based pricing strategy, rather than based on the costs you incur.

Calculate your CLV (as above) as well as your Customer Acquisition Cost (CAC). To get your CAC, divide all sales and marketing costs by the number of customers acquired over a given time period.

Consider saas to de-risk your business

MSPs providing traditional hardware-based solutions will be all too familiar with the challenges of managing capital expenditure (CapEx). Not only are you having to outlay eye-watering amounts and write these off over a period of time, but you're typically carrying all of the risk.

You may end up with residue hardware you can't shift or paying for headroom you don't grow into. Or worse, customers need additional headroom you don't have, and you can't quickly source due to supply chain disruption (yup, we're looking at you, Ever Green). Even hardware-as-a-service can have an ugly side.

But it doesn't have to be this way. As technology has developed, so too has the way it's paid for. The delivery of cloud-based 'as a service' technology solutions has now made it possible to shift IT operations from an upfront CapEx model, into an ongoing operational expense (OpEx) model where you only pay for you what you use. And this shift brings many advantages:

- A margin-rich recurring revenue stream
- Reasons to engage with customers monthly (think: stickiness)
- The ability to invoice customers on day one without any upfront cost
- A predictable payment structure that removes all the guesswork out of spending
- The ability to easily adjust capacity to meet customer demand – up or down
- It pushes the onus and responsibility for maintenance onto vendors

Moving to the cloud offers security, flexibility, and scalability for all kinds of businesses. Now you can make it even more appealing to eagle-eyed CFOs by offering all the benefits without extensive capital outlay. And you get to de-risk your business at the same time. If you aren't already looking to take advantage of cloud technology to resell, it's very likely you will be losing out to more agile competitors.

TOPS TIPS:

With a recurring revenue focus from SaaS you get to increase the enterprize value in your own business. If you're seeking investment, or looking to sell at some point, this is going to radically boost your chances of getting a better deal.

Businesses may feel that using SaaS offerings and working with an MSP may feel like overkill. Make sure you remind customers of the support value you bring in being a one-stop-shop and helping them use a mix of SaaS and proprietary software together.

Use this as an opportunity to rethink your incentivization scheme. There are a number of proven strategies you can use to boost SaaS sales performance. **The Redstor team is very happy to walk you through the sales incentive plans we use.**

7 Retain, upsell and cross-sell

Growth often comes down to maximising your existing relationships. While vendors may put pressure on you to acquire 'new logos', the smart money could well be in expanding the accounts you already have.

You likely have a loyal customer base, most of whom renew. This provides a significant opportunity to upsell and cross sell to existing customers. After all, it's been proven time and again that existing customers are more valuable to companies – and easier to grow than finding new ones.

New and innovative technologies provide MSPs with multiple ways to diversify existing offerings and increase revenue. Take the data explosion for example – the volume and sprawl and sheer number of devices that businesses now need to manage. Customers are all looking for new ways to manage their data needs and MSPs are in the best position to help. But if you're not thinking of diverse ways to manage customer data, it means you're leaving revenue on the table.

Take this opportunity to look at new products and service lines. Have you added Microsoft 365 Backup to your list of offerings, or Data Backup for Azure Kubernetes? What can you add-on to an existing service to fill a gap? Could you create tiered service bundles? Is there interest in a particular proposition, that with some repackaging could be relevant to another set of customers?

As you think about ways to grow existing accounts, consider these four expansion paths:

- **Go deep – sell more of an existing service**
- **Go broad – expand the service offering across the organization**
- **Upsell – level-up an existing solution with bolt-ons and new functionality**
- **Cross-sell – introduce a new and different offering**

TOPS TIPS:

Focus on building strong and long-term customer relationships. You want your customers to see you as an extension of their team, and to put their trust in you. This means you'll be able to identify new opportunities, sometimes for services they didn't even know they needed.

Carry out a white space analysis exercise across all customers to discover areas where you can grow the account, align and map your resources. This can help you identify the best upsell and cross-sell opportunities.

Be bold in your search for new revenue streams. The MSP market moves fast, and those that stand still risk becoming obsolete.

You're not alone – leverage vendor resources
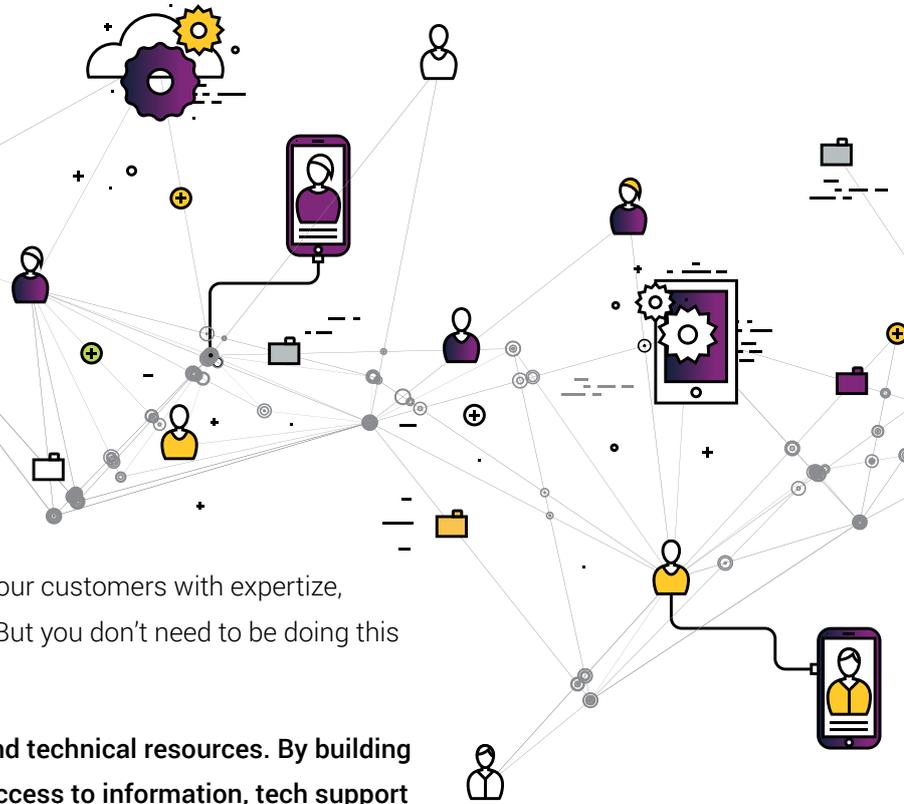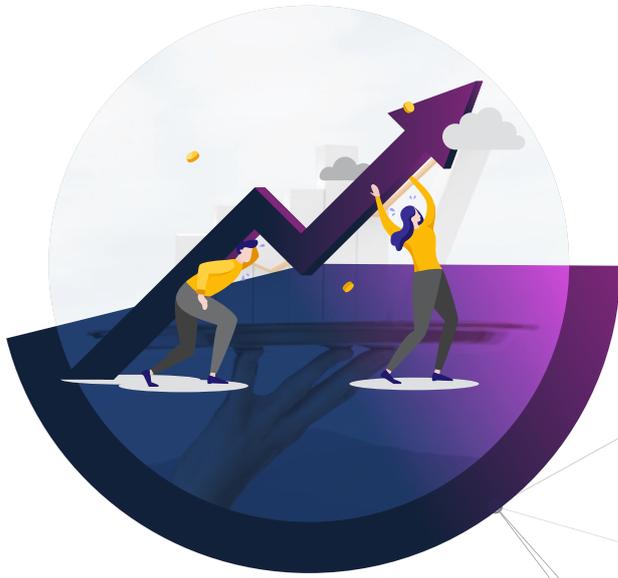
In your role as trusted advisor, you'll be providing your customers with expertize, time-saving service and money-saving strategies. But you don't need to be doing this alone.

Vendors offer a rich source of sales, marketing and technical resources. By building strategic relationships with vendors, you'll gain access to information, tech support and other benefits that will help you better support your customers and run your own operations more efficiently.

Vendors sink a huge amount of time and effort researching customer challenges – and how to address them. You want to demonstrate real-world value to customers, and one way to do this is by bringing in more vendor expertise. Not only does this wider network impress customers, but it also helps the sales process by having technical experts on-tap that more easily speak the language of customers.

And let's not forget there will be times you'll be facing a Goliath competitor. This is really where vendor strength can come to the fore. When you've got an established relationship with a leading vendor, you can ask for additional sales support to help close the deal.

But partnering with the right vendors is crucial. Aside from evaluating their tech solution make sure you're getting:

- **Fast onboarding**
- **Sales and marketing support**
- **Technical support**
- **An established partner community**
- **Learning resources**
- **A direct point of contact / dedicated account manager or team**

TOPS TIPS:

Put time and effort into developing relationships with strategic vendors, understanding their roadmap and being able to translate that into the impact this will have on your customers.

Invite a vendor to your strategic customer review calls. This is a great way to introduce technical expertize and add value to a customer. Or invite partner thought leaders to "partner days" where you run a series of presentations on a theme and invite a selection of customers.

Talk to your vendors about leveraging Market Development Funds (MDF), as well as spend time understanding the vast marketing material that they produce. A lot of this is original content and can offer strong thought leadership to customers, as well as plug any internal gaps in your own marketing resources.
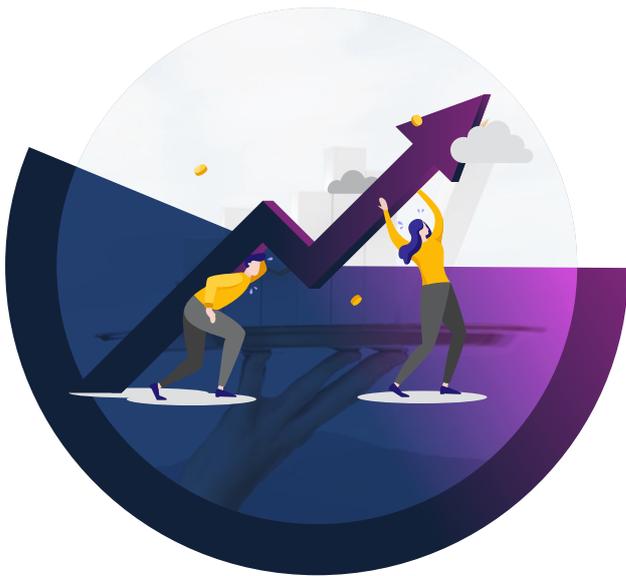
Make sure sales, marketing and technical teams are aligned

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If your marketing team and salespeople are struggling with unhealthy tension, then it's very likely this is impacting growth and revenue performance. With Marketing targeted on lead generation, and Sales with progressing and closing the deal, there can often be finger-pointing when the chips are down. So how do you go about removing this friction and aligning these crucial teams?

Here are ten pointers to consider:
1. Create a shared vision
2. Jointly agree to meaningful metrics of success
3. Instil a culture of accountability, clarity and respect
4. Consider the best tools to boost collaboration
5. Encourage regular touchpoints and team meetings (daily, weekly, scrum)
6. Clearly define the merged tasks and responsibilities
7. Invest in work management tools
8. Align the tools, processes and people
9. Obtain awareness of each other's roles and how to better support each other and why
10. Give both teams airtime and review feedback and success together

Once you've got the teams working well together, then map out a single customer's journey so that you can provide a joined-up experience. Technology, such as your CRM, will support you in providing the insight and data necessary for a superior, singular customer journey for every buyer and persona.

But it's not only Sales and Marketing alignment that's important. Both teams need to know what's happening on the technical side of the business, and vice versa. Your customers will be having a regular conversation with technical resources, and it's crucial that you find a way to percolate this knowledge up to the right teams. Similarly, you want to extract relevant technical knowledge and package it up to share with prospects and customers.

TOPS TIPS:

Redundant or poorly timed communications from an organization are frustrating and inconvenient for prospects and customers. Once you've mapped out your customer journey, co-ordinate all your communication channels (web, email, social etc.) to ensure you're consistently communicating in the best way.

You want every customer to be a happy customer, and to advocate your services. As customers have multiple touchpoints in your business, educate all internal customer-facing teams on techniques for securing customer endorsements.

Bring Sales and Marketing together to create fixed processes for prospecting, nurturing, conversion and after-sales.

Conclusion: setting you up for continued success

Companies are rolling out digital initiatives at a pace not seen before. This provides a huge opportunity for MPSs, but also creates a crowded marketplace. To stand out, you need to focus on growth through innovative strategies, and to find ways to differentiate. By using the nine elements and many tips we've identified in this guide, you'll not only be in a better position to protect revenue, but also to grow in a highly competitive market.

redstor™

Why Redstor?

Partnering with Redstor will help you turbo-charge your business, increasing profitability with a solution that is easy to onboard, sell, maintain, scale and takes just minutes to implement.

Designed for organizations of all sizes with enterprize functionality, Redstor's disruptive, smart, cloud-native suite of services delivers the new standard in data management and protection. Redstor protects data residing in the broadest range of environments, spanning infrastructure and an ever-widening array of SaaS platforms, through a single multi-tenanted app.

See how Redstor will transform the way you manage your customers' data and help grow your business. **Become a partner**

partners@redstor.com | www.redstor.com

Reference:
1. Managed services market size worldwide 2026 | Statista