



MSP & IT Professionals Pricing Report 2023

Your guide to the latest pricing strategies
and trends shaping the industry today

Summary

We surveyed 414 MSPs (managed service providers) and IT professionals across the US to uncover the latest pricing strategies and trends in the MSP space. The report aims to inform and educate MSPs on the landscape of the industry, as well as provide insight and guidance on how:

- Their pricing compares with industry standards
- To optimize their pricing strategies to remain competitive
- To use the key insights of the report to adapt to changing market dynamics














What stands out from what we learned:

- **The MSP space continues to grow and doesn't show signs of slowing down.**
Despite the ups and downs of the economy following the pandemic, over half of the organizations surveyed made more than \$10M in revenue in 2022, and nearly half of respondents anticipate additional revenue growth in 2023.
- **The bigger the company, the bigger the pricing selection.**
The organizations that tend to offer more than one pricing plan are the ones that show signs of growth and scale, e.g., larger, have higher revenue, more endpoints, etc., indicating that as MSPs grow, so too do the pricing options in order to keep up with the evolving needs of their expanding customer base.
- **Economic factors play a huge part in price increases.**
Inflation, rising labor costs, the general cost of doing business. These and other economic factors were the leading reasons why most respondents raised their prices in 2022. Looking forward, it's imperative for business owners to consider socioeconomic factors and the current state of the MSP landscape to ensure they remain competitive, profitable, and aligned in the evolving industry.

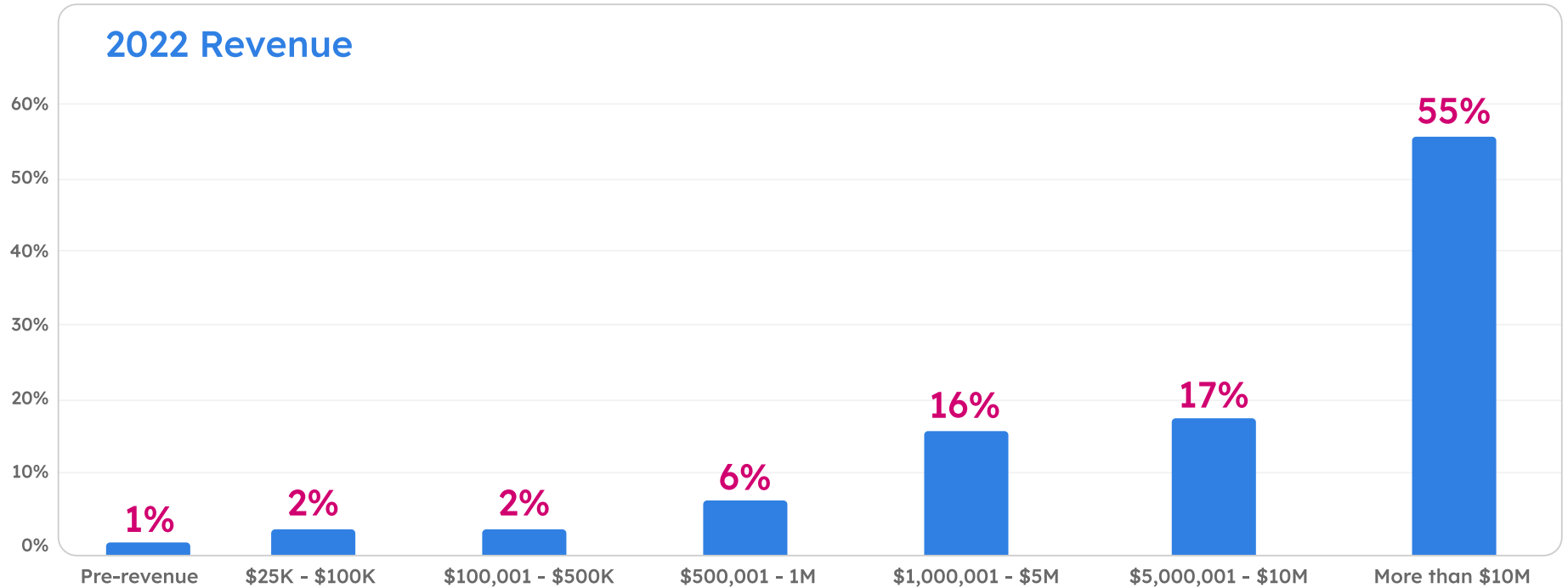
Which industries do MSPs serve?

Due to its heightened need for IT services, cybersecurity, and network management – and as businesses everywhere are increasingly reliant on technology for everything from operations to marketing – it's no surprise the technology and software sector is the most common industry MSPs serve.

It's the industry that arguably presents the most white space for MSPs, both in terms of innovation as well as overall business opportunity.

Industry		
	Technology/software	57%
	Government/public sector	13%
	Financial services	12%
	Healthcare/pharmaceutical	12%
	Manufacturing	11%
	Telecommunications	10%
	Retail/e-commerce/restaurants	8%
	Transportation/logistics	8%
	Education	7%
	Media/entertainment	6%
	Energy/utilities	5%
	Hospitality/tourism	2%
	Legal	2%

How did MSPs perform financially in 2022?



Expected Growth

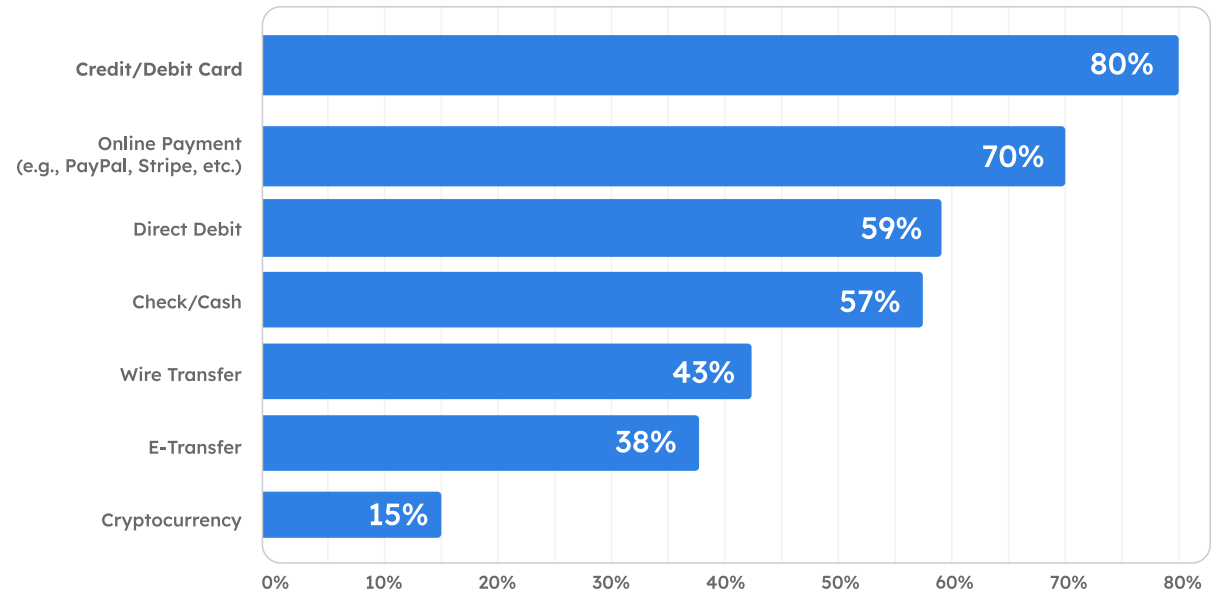
- Almost half (45%) expect revenue growth of 10-20% in 2023.
- About one-quarter (26%) expect less than 10% revenue growth in 2023.

Average breakdown of annual revenue

Monthly recurring managed service contracts	39%
Hourly-based work	24%
Project-based work	25%

How do MSPs accept payment?

While credit and debit cards continue to reign supreme as the preferred payment options for MSPs, some traditionally unorthodox methods are inching their way into the space.



MSPs most likely to accept cryptocurrency:

By size

Less than 25 employees	33%
More than 25 employees	11%

By years in operation

Less than 5 years	9%
Between 5 - 25 years	42%
More than 25 years	6%

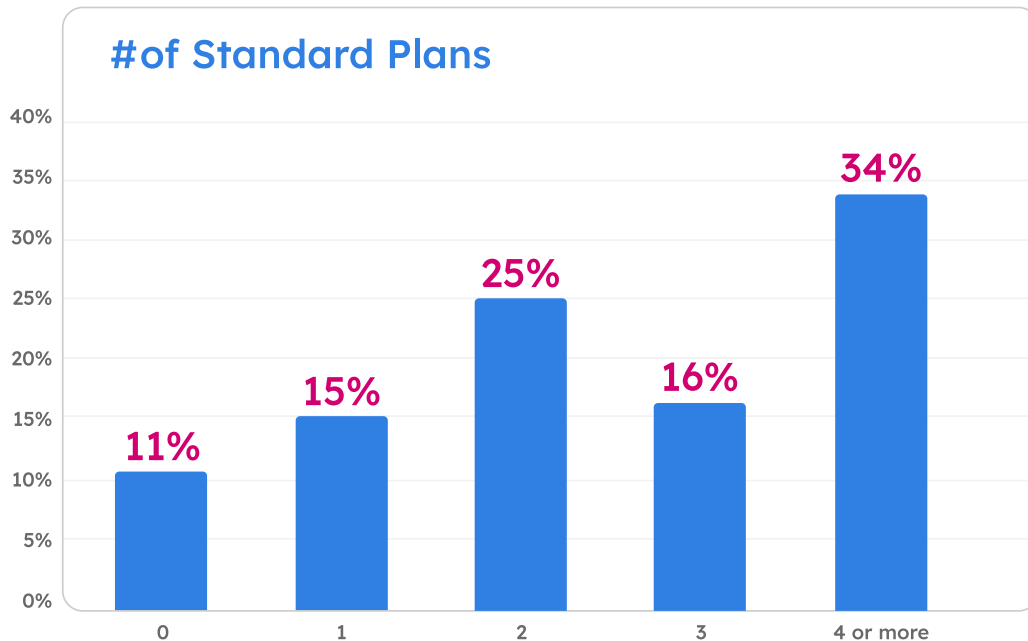
Cryptocurrency transactions offer decentralization, lower fees, and the potential for international payments, making them appealing to MSPs that want to explore less conventional payment methods, are looking for ways to meet the evolving needs of clients, enhance security, or stay competitive in the shifting MSP landscape.

MSP pricing plans



Key Callouts

- Most organizations offer four or more standard plans; however, 11% offer none.
- Organizations that are larger, have greater revenue, more endpoints, and have hired more technicians in the last year tend to offer more plan options.
- Variable pricing plans are used much more compared to flat-rate plans.



Most likely to have four or more pricing plans

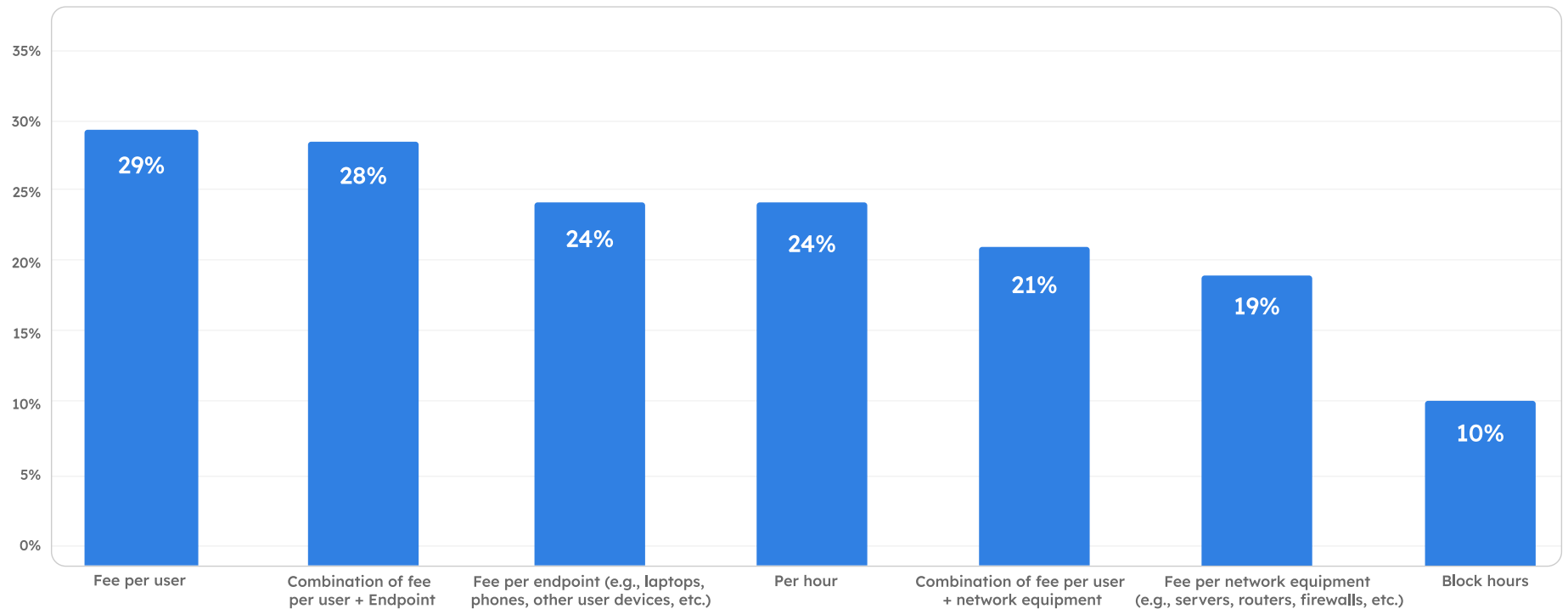
Has more than 25 employees 37%

Earned more than \$10M in revenue in 2022 42%

Manage/maintain more than 500 endpoints 45%

Added 50 or more technicians in the last year 48%

How MSPs price non-project work



Average pricing per method



MSP pricing strategies

Many MSPs struggle with creating a pricing strategy due to various factors, including lack of time or market research, fear of customer resistance, or simply because they operate in a reactive vs. proactive mode.

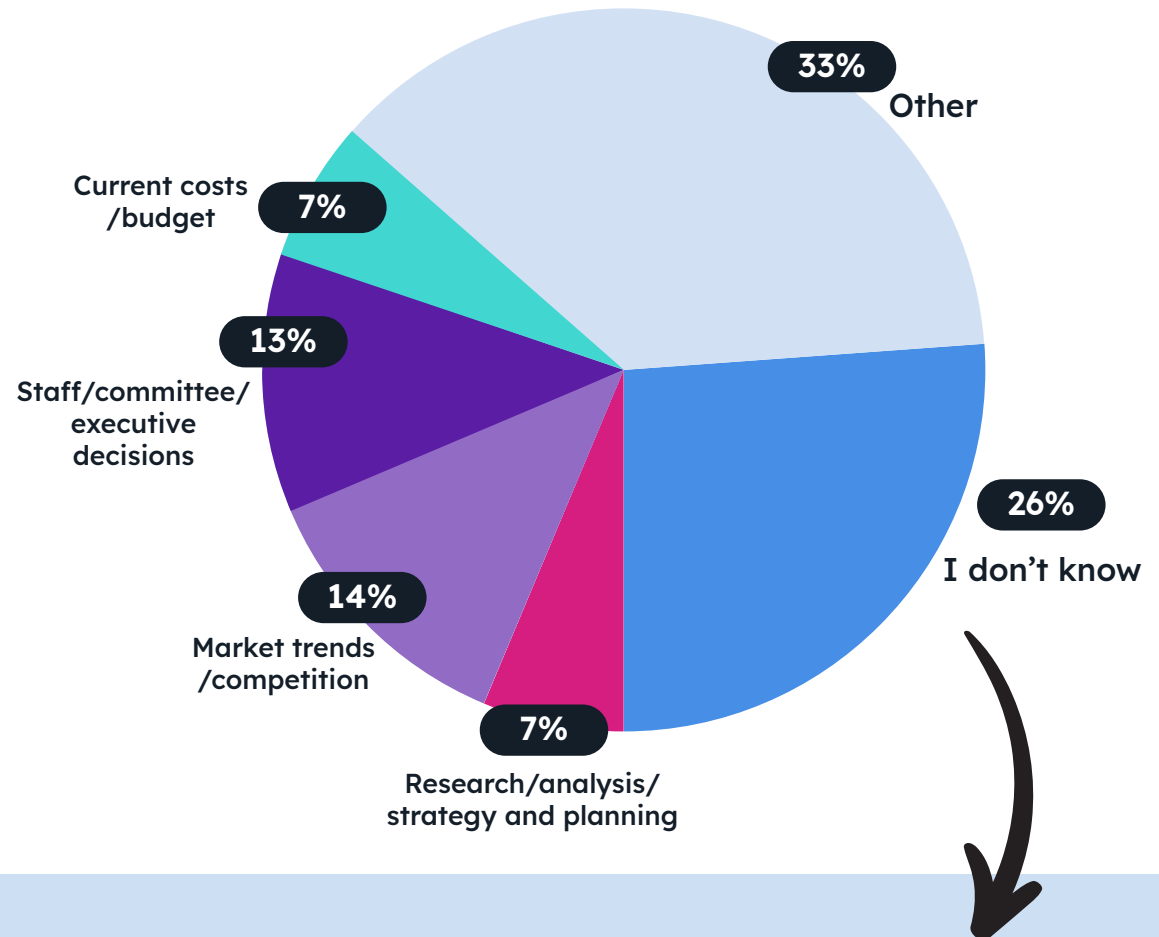
When asked how their organization came up with its pricing strategy, the majority of respondents said they didn't know.

★ Key Takeaway

While there is no right or wrong way to structure pricing - so long as it aligns with company goals - having a clear strategy for pricing is critical to success and sustainable growth.

Without establishing a strategic pricing methodology and plan, MSPs risk revenue inconsistencies, operational challenges, and the inability to communicate or report their value to customers effectively.

How did your organization come up with their pricing strategy?

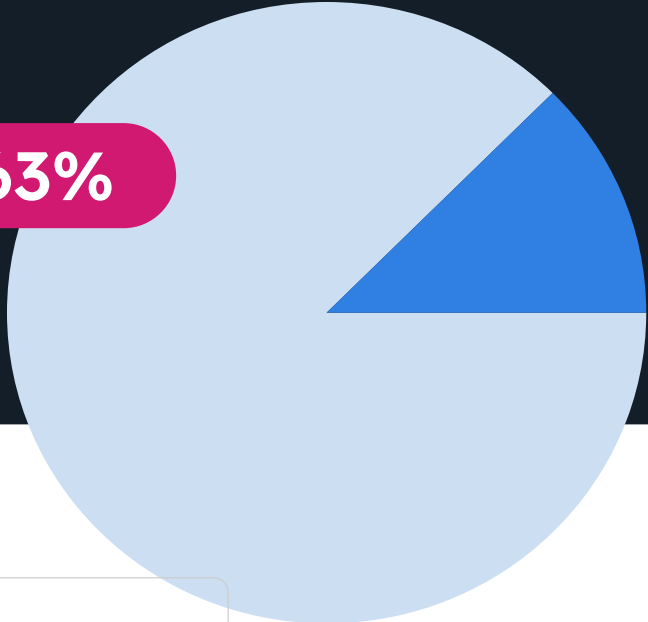


26% of respondents said they don't know how their organization created its pricing strategy, while only **7%** said their strategy was backed by research, analysis, strategy, and planning.

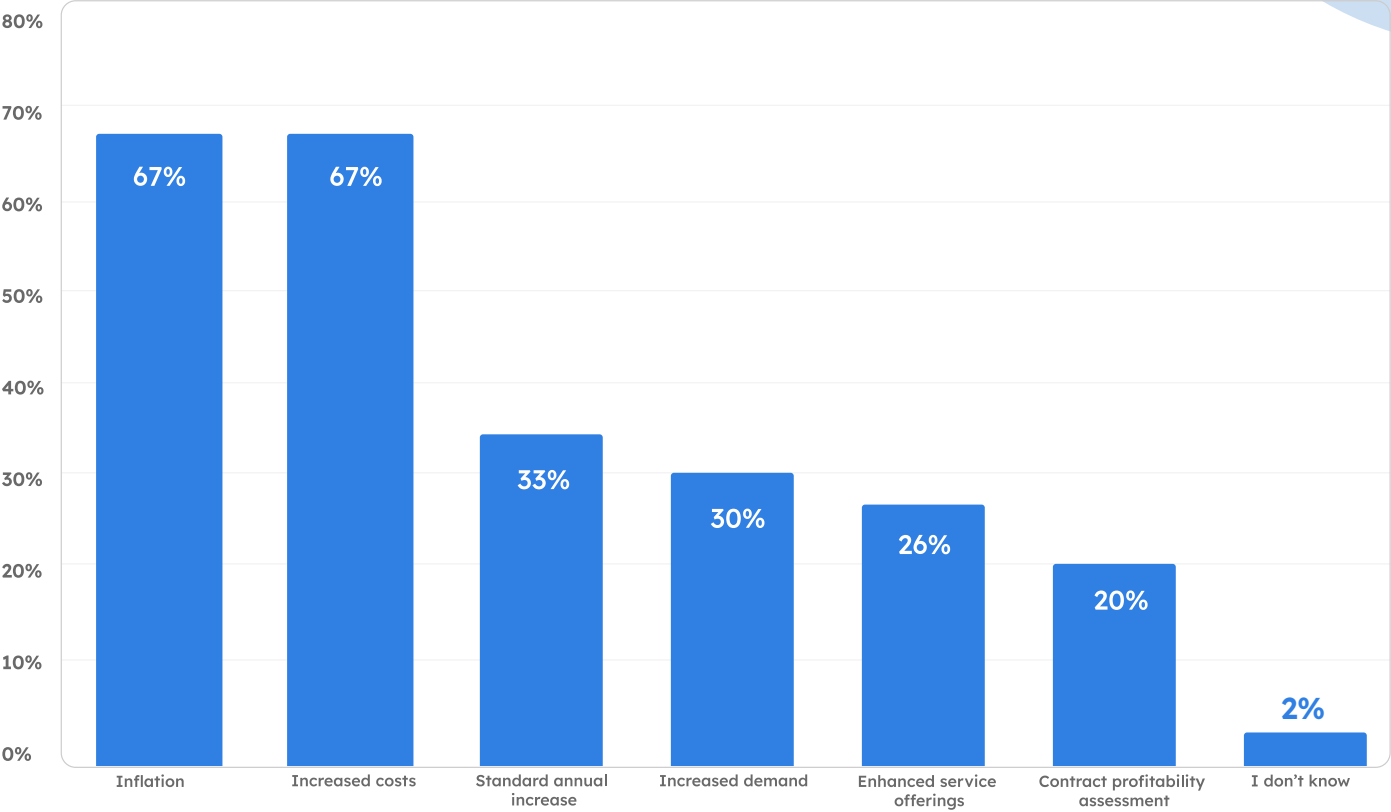
MSPs and price increases

63% of the organizations surveyed have raised prices in the last 12 months.

63%



Reasons for raising prices



MSPs and price increases

Environmental factors outside of their control led many MSPs to raise their prices in the past year. As expenses rise due to factors like inflation, labor costs, or technology investments, maintaining profitability becomes even more of an uphill battle.

To sustain business operations and provide quality services, MSPs often must adjust pricing to simply cover these rising costs. Achieving positive ROI may prompt them to tick prices up even further.

Most likely to have raised prices:

80%

Smaller organizations
(< 25 employees)

74%

Organizations that have
added 51+ technicians
in the last year

69%

Organizations that
offer volume discounts
or pricing incentives

The road ahead

While technology, digital transformation, and telecommuting were already alive and well in the MSP space (and world) prior to the pandemic, COVID-19 accelerated all three and increased demand for MSP services.

Today, that means an MSP's success requires and is reliant on flexible pricing options, hybrid service delivery, and proactive client communication. To achieve – and maintain – this success, MSPs must not only stay diligent about establishing thoughtful pricing strategies, but also about how they market their services and communicate their value to prospects and customers. Doing so is the only way to stay competitive and thrive in the evolving tech landscape.

About the Data

Study Methodology

This report presents the results from an online survey that was conducted on behalf of Syncro and completed by people who work as a managed service provider (MSP) or IT professional in the US. The survey ran from September 14-25, 2023. The objective of this survey was to uncover pricing strategies and trends among MSPs and IT teams and provide data-driven insights to help them more effectively and successfully run their businesses.

Study Respondents

A total of 414 MSP and IT professionals completed this survey.

Whether you're an MSP business owner, manager, or technician, keeping abreast of the trends within the broader landscape will be the key to sustainable success.

Learn how Syncro helps MSPs run a more profitable MSP.



The integrated business platform for running a profitable MSP

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- Integrations with 50+ third-party tools
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