

# New Horizons for Managed Service Providers

## What got us here...

Managed Service Providers have come a long way in the last decade. Overcoming and mastering the impact of cloud computing on their customers and services. Subsequently, dealing with the challenge of SaaS disruptors and the transition away from on-premise toolchains. In 2024, the market is shaped by three significant major forces:

### Three Factors Affecting Market Forces



- **Increased customer expectations.** As cloud and platform services have become easier to adopt, the value of a managed service wrap has shifted. Customers expect outcome driven services, with suppliers taking a stake in their success.
- **Increased choice.** Tech stacks are increasingly ephemeral, with software driven designs that provision and configure infrastructure as part of standard patterns. The lock-in effect experienced by customers last decade has been steadily eroded.
- **Commoditisation.** A tech trend that continually erodes the value of all services, even more now, in the age of disruptors. It takes active effort to continually 'sharpen the saw' to avoid being impacted.

These major forces shape our industry, our customers' behaviour, and the competitive marketplace. They map out new horizons, allowing new leaders to emerge as they navigate the choppy waters.

## It's Evolution, not Revolution

Despite these forces, the MSP business model isn't undergoing a major change. The fundamentals are still the same. Driven by investors, shareholders, business owners and ambition – the

successful MSP has to be as fit for purpose as ever before. Three main factors emerge:

## The Markers of a Successful MSP



- **Productivity.** An MSP depends on its team to deliver excellent services and delight customers. And in 2024, staff retention and developing key talent has never been harder. But fundamentally, an MSP needs to be getting the most out of its employees. Productivity is a key metric. MSPs need to invest in creating systems and workflows that minimise toil and automate where possible.
- **Customer Satisfaction.** Strongly linked to customer retention and acquisition – the ability to delight customers, using performance and quality as levers, remain fundamental. The collapse of direct marketing and dumb outbound sales techniques heap even more importance on growth through referrals and networking.
- **Margins.** The bread and butter of an MSP business based on cloud and SaaS delivery is to maximise the profit margin. This means either by improving the value or by reducing the cost. There still remains, even in 2024, incredible opportunity to do both for many businesses.

## Productivity Remains a Key Challenge

In a world where the revenue/employee for an MSP can vary by as much as 180%<sup>1</sup>, the difference between the leaders and the pack can quickly become a gulf. Making the difference here is a relentless focus on efficiency. It's not enough to deploy standard SaaS tooling and expect the vendors to have your best interests at heart. Businesses that scale successfully also look at the interconnects, the workflows and the interfaces. Does your toolset support the full range of use-cases you need? Follow this process:

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<sup>1</sup> GrowJo data

## Improving Productivity



- **Measure process efficiency** – sourcing data from productivity toolsets, time tracking software or similar.
- **Identify areas of low efficiency.** Key areas are highly repetitive tasks, as well as tasks that take a lot of time.
- **Automate the highly repetitive tasks.** Look to automation software, either through scripting or finding a partner who can help.
- **Execute Process improvement if possible.** Productivity gains can also be made through gains in collaboration, reduction, or aggregation of steps.

For MSPs, where the key processes are operational, here are several examples of low-efficiency, highly repetitive tasks:

### Highly Repetitive, Time-Consuming Tasks



Customer Reporting

Alert Processing

Data Mining

- **Customer reporting** – a highly repetitive, highly manual task, but one that has a high impact on trust and relationship building.
- **Alert processing** – another highly repetitive task, made burdensome by the multitude of alerts generated by one single incident.
- **Data mining** – when customer data is federated across multiple toolsets, a high number of data fetches are needed to fulfil key services.

Automating these tasks would entail:

- A report automation tool, extracting data from your observability and service management platforms via APIs – and reliably delivering a consistent, branded report to your customers.
- Alert management middleware, de-duplicating and enriching alerts to ensure that your triage teams can focus on delighting your customers, not managing their inbox.
- Synchronising key management platforms to ensure consistency and accuracy, so that the account, finance, customer success and operations teams are all sharing the same, up-to-date customer data

## Delighting your Customers

Knowing your market and building trust are two of the most important things you can do to grow. But a year’s worth of great experiences can be undone in a single moment – consistency and reliability are boring but invaluable. To win trust, you need to

### Building Trust and Deepening Relationships



**Execute Swiftly**



**Deliver Quality**



**Communicate**

- **Execute swiftly.** Keep your customer’s attention by consistently being responsive.
- **Deliver Quality.** Build your reputation being reliable and helping your customer achieve.

- **Communicate!** No matter how hard you try, without effective communication you will never build the relationships, trust and brand equity you need.

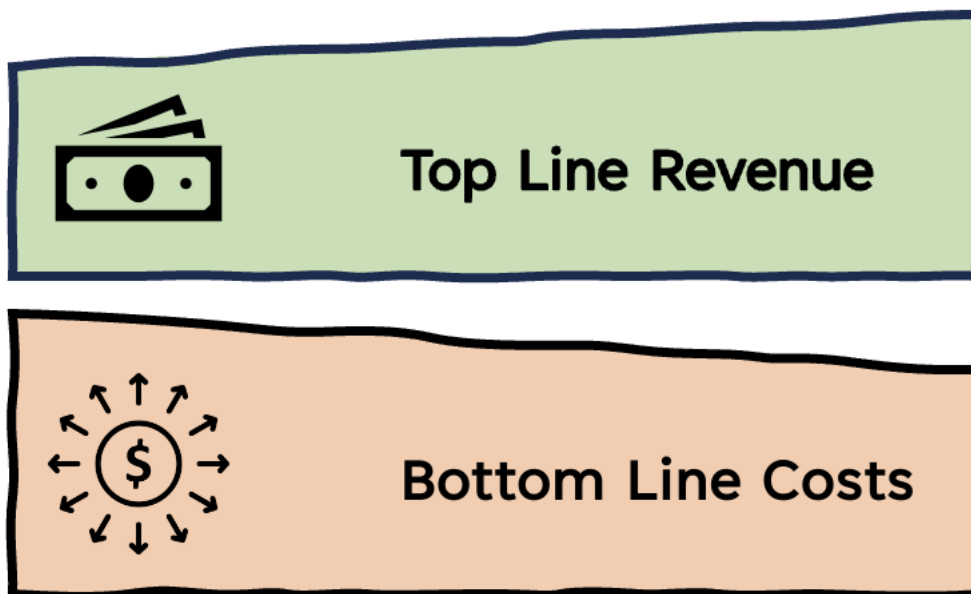
Earned trust is a commodity that can be spent. Why not spend it innovating with high-quality solutions that can help advance your customer and deepen your relationships? As the world becomes more data-driven, extending your awareness of the customer data you hold, and what it tells you, can now become your new imperative. Consider solutions like:

- Security intelligence, combining feeds from several different sensors to provide customer security teams with a single consolidated alert, contextually enriched and connected to live security feeds.
- Carbon footprint reduction, analysing demand across network devices and creating a corresponding power management schedule.
- Customer experience observability – extending your remit through infrastructure, application and presentation layers. Combining these domains can reveal insights into optimisation opportunities, bottlenecks and performance engineering.

## It's Still All About the Margins

Customers are as cost-conscious as ever, and today's competitive MSP economy adds pressure onto MSP margins. There are two ways of defending yourself:

### Building Greater Margins



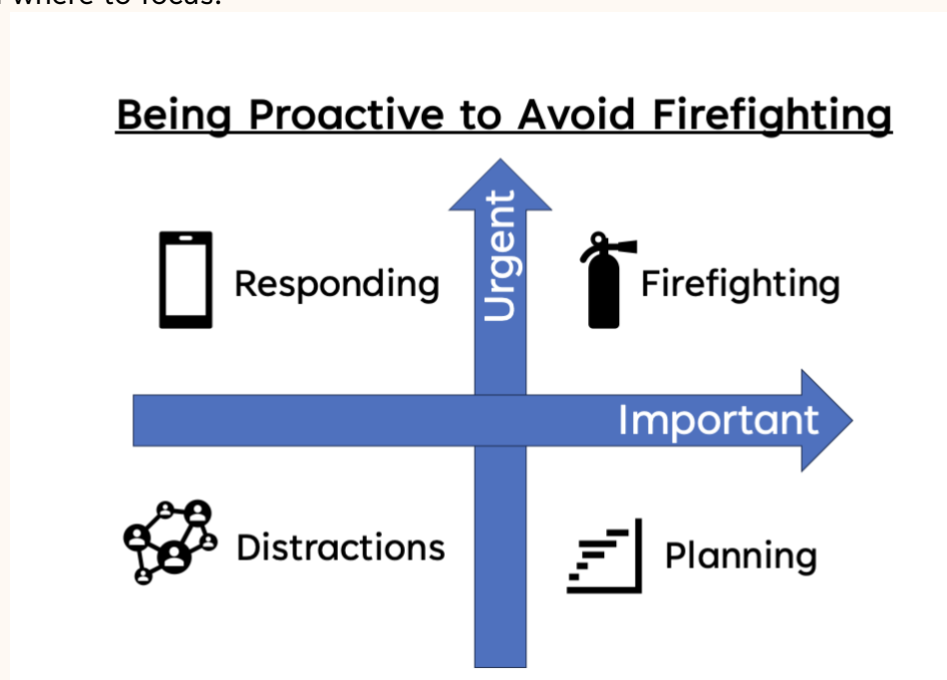
- **Adding top-line value**, with service differentiation
- **Minimising the bottom-line**, carefully managing the cost of delivery

Focusing on customer value, and differentiating your service from commoditised, cheaper offerings, is a great way of developing your business, if your business can support it. If you are building a brand on trust, innovation and excellence then focusing on customer outcomes and building a customer obsessed culture are a modern imperative.

On the other side, the increasing creep of the costs of living and the costs of tooling threaten margin by accumulating baseline costs. How can you curtail these costs without impacting the quality of service? Staying abreast of the latest technologies is a strong advantage. Being an early adopter of a disruptive technology often brings significant commercial benefit as growth vendors adopt more aggressive commercial strategies. Tracking the latest in open source, community projects can also reap rewards – although the hidden costs here need to be factored in. There are often high-quality, lower-cost options than the big vendors – being aware of these can be a significant advantage.

## Stop the Firefighting

In the *Seven Habits of Highly Effective People*, Steven Covey explains how to divide tasks into four categories, and where to focus:



- **Important & Urgent.** Firefighting tasks that easily occupy all of your time, especially when platforms are poorly configured.
- **Important & Not Urgent.** Planning tasks that help you become proactive and avoid fires from happening. A focus for growing businesses.
- **Not Important & Urgent.** Ancillary tasks that can seem more important than they actually are.
- **Not Important & Not Urgent.** Distractions that occur in our day-to-day lives.

Highly relevant to MSPs today, who find themselves caught up in operational firefighting that is both urgent and important. Without being proactive to deal with the cause of those fires, they are prevented from taking the actions that support growth.

Being Proactive, dealing with tasks that are important but not urgent, is the mindset that differentiates leading MSPs from the pack. They can invest effort in improving customer satisfaction, productivity and margins. In the world to come, they will be the champions that drive the market forward.

## About Panoramic Data

Panoramic Data is a consultancy and software house, providing solutions that help MSPs deliver greater productivity, customer satisfaction, and margins. We do this by partnering with leading technology vendors, like LogicMonitor and Cisco Meraki, delivering outsourced services, and providing a range of software solutions for integration, reporting and observability. For more