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The #1 way to develop your MSP Channel

## THE EVOLUTION OF THE MSP MARKET



In May of 2019, at the Kaseya Connect IT conference at Caesars Palace in Las Vegas, there was an excellent Influencers Panel who talked about the evolution of the MSP market. [Jim Lippie](#) did a wonderful job with three great panelists:

- [Joe Panettieri](#), Content Czar, [Channel E2E](#)
- [Gary Pica](#), President, [TruMethods](#)
- [Paul Dippell](#), CEO, [Service Leadership](#)

The Influencers Panel – The most influential people in IT Services, discuss the evolution of the market. Moderated by @jlippie featuring @pdippell @serviceleadership, @joepanettieri @channele2e, @garypica @trumethods.

My notes were a bit raw, and perhaps I will get feedback from the gentlemen on the panel, attendees or moderator. The information shared was incredible and should be viewed by [MSPs and vendors](#) alike.

My summary is as follows:

## **QUESTION #1: WHAT ARE THE 3 TOP PROBLEMS OF THE MSP?**

- GP: 1. general lack of command 2. talent 3. process
- JP: 1. long term plan (lack of) 2. execution 3. talent
- PD: 1. skill of executive & management 2. Leads/demand gen 3. process

The evolution of the MSP market underlines the significance of reflecting on the top problems so they can avoid or minimize these in their own MSP companies.

## **QUESTION #2: NAME ONE STATISTIC THAT HAS THE MOST SIGNIFICANT IMPACT ON THE MSP**

- GP: Value percentage – reactive % | cost per seat is lower | # of people / #seats supported
- JP: What is your exit number – create your plan backward from that (reverse engineer your life from that)
- PD: What is your exit number – work from there. “Sooner or later we all exit” – Arlin Sorenson

Easy answer, “EBITDA multiplier.”

Looking into the evolution of the MSP market reveals the factors that create the most impact on MSP growth and development.

## **QUESTION #3: IF YOU WERE CEO OF AN MSP TODAY – WHAT WOULD BE THE FOCUS OF YOUR OFFERING?**

- GP: vCIO focus
- JP: security – short answer – Micro verticalize focus – ex: Healthcare to veterinarian / Finance to hedge Funds
- PD: Vertical Market specialize – work with a “C” level with IT.

## **QUESTION #4: MSP V MSSP – SHOULD THERE BE A DIFFERENCE?**

- GP: high-value target – decide what is in your offering – better make sure it is in order – all customers think they are safe
- JP: security is like a pool with a shallow and a deep end. MSP should start in the shallow end and prepare to go deep
- PD: move to MSSP is too expensive – do not have a high and low-security offering option. One offering for everyone. Increase per seat price that includes security.

## **QUESTION #5: IF YOU HAD \$20K TO INVEST IN A SINGLE VENTURE IN 2019, WHAT WOULD IT BE?**

- GP: raise prices: \$150/average seat price – every dollar of tool cost has to drive value
- JP: get a financial advisor analyst – what is net worth and create an exit strategy & join a peer group
- PD: raise prices 2/3 audience is underpriced
  - 1/4 make +18% margin 1/4 lose money 1/4 in between
  - Top performers are priced higher and growing faster and have more money

## QUESTION #6: NAME ONE MSP THAT YOU THINK IS INCREDIBLE AND WHY

- GP: Apex – just exited & ivenure in Jacksonville
- JP: [Dave Cava](#)
- PD: Cant say NDA – top performers are usually great places to work

## QUESTION #7: THOUGHTS ON M&A MOVEMENT

- GP: you don't know what the market will be like when you exit – focus on building a great shop
- JP: careful of the hype – is the money real?
- PD: record number of deals happening – don't panic – concentrate on your company – there is a lot of “hot air.”

As a final takeaway, the evolution of the MSP market is an important aspect that we need to understand so we can improve on the approaches and business decisions we make for our own MSP company.

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