

ScalePad

MSP

TRENDS REPORT



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## Introduction

# Why 2026 is an Inflection Point for MSP Growth

Our 2025 annual survey uncovered that MSPs were focused on insulating themselves from economic uncertainty by optimizing internal operations. But our 2026 research shows a marked shift in mindset. Despite continued market volatility, many MSPs are entering the year with renewed confidence and a clear growth agenda. They're planning to increase headcount, introduce new services, pursue new business, and (as a result) drive revenue.

How — and if — they'll achieve their goals remains to be seen. Despite their positivity, many MSPs still have operational gaps compared to top performers: many lack strong reporting, a unified customer success strategy, or a realistic view of what AI can (and can't) do for their business. And in a competitive, price-sensitive market facing rising labor costs and increasing technical complexity, MSPs who don't evolve their operations risk getting left behind.

This report's goal is to help MSPs better navigate these challenges. By collecting data from a broad, diverse pool of MSPs, we're defining the best practices that separate those who scale effectively from those who stall. To do that better this year, we've added several new sections focused on urgent topics in the channel, including AI adoption, GRC and cybersecurity, tech stack design, and QBRs.

Read on to learn how MSPs are increasing client engagement, service expansion, and revenue — including insights based on both MSP size and age — so you can confidently plan for this new phase of MSP growth.

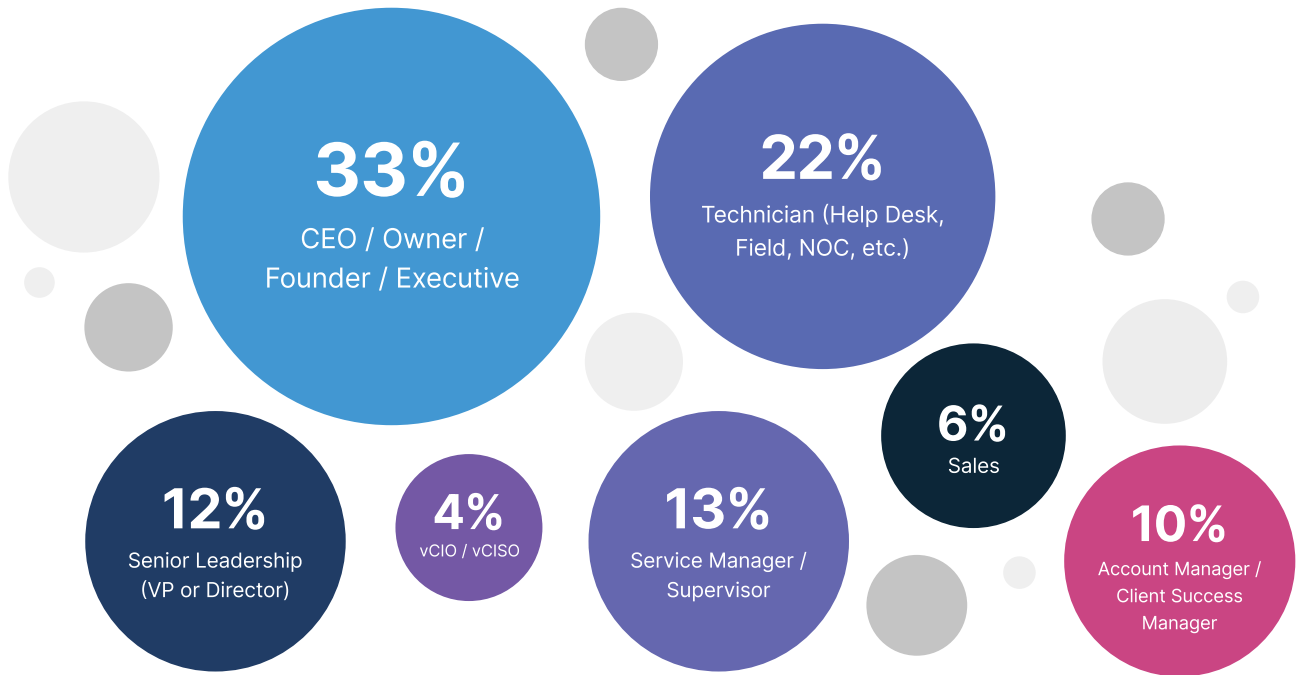
*In a competitive, price-sensitive market facing rising labor costs and increasing technical complexity, MSPs who don't evolve their operations risk getting left behind.*



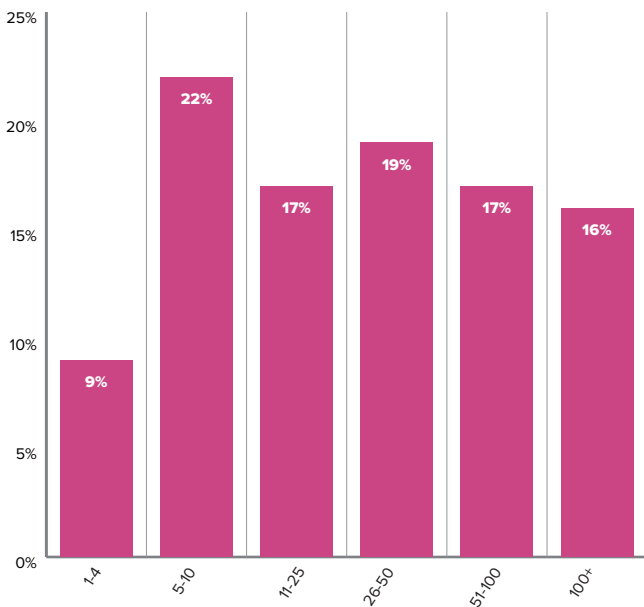
# Methodology

In November 2025, we anonymously surveyed +1,100 MSPs across North America — including a range of job roles and company sizes — to inform the insights in this report.

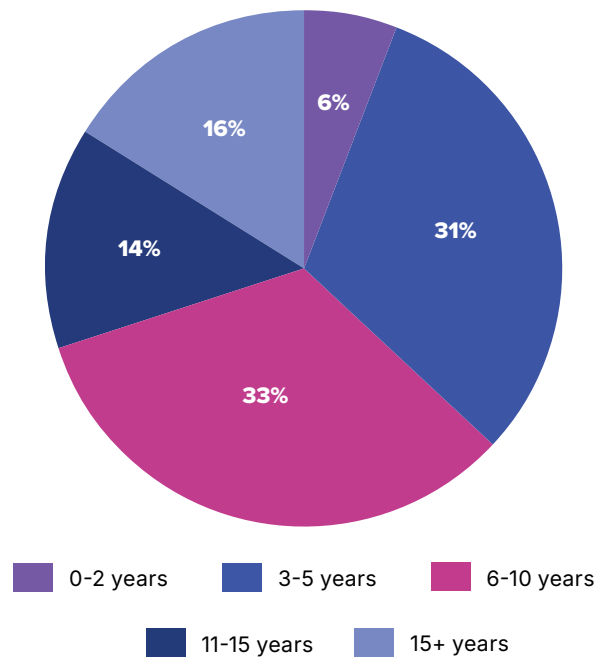
## Respondent Role



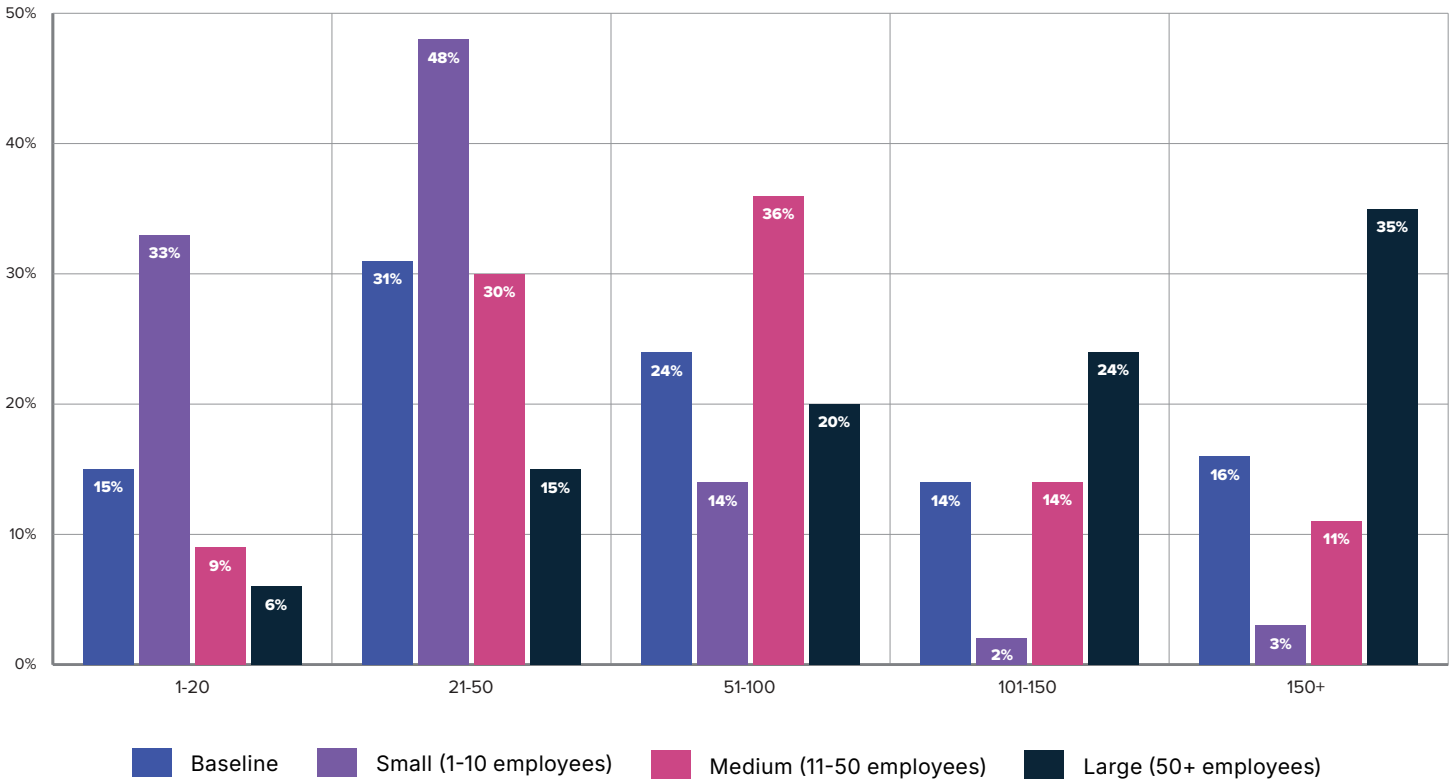
## Number of Employees



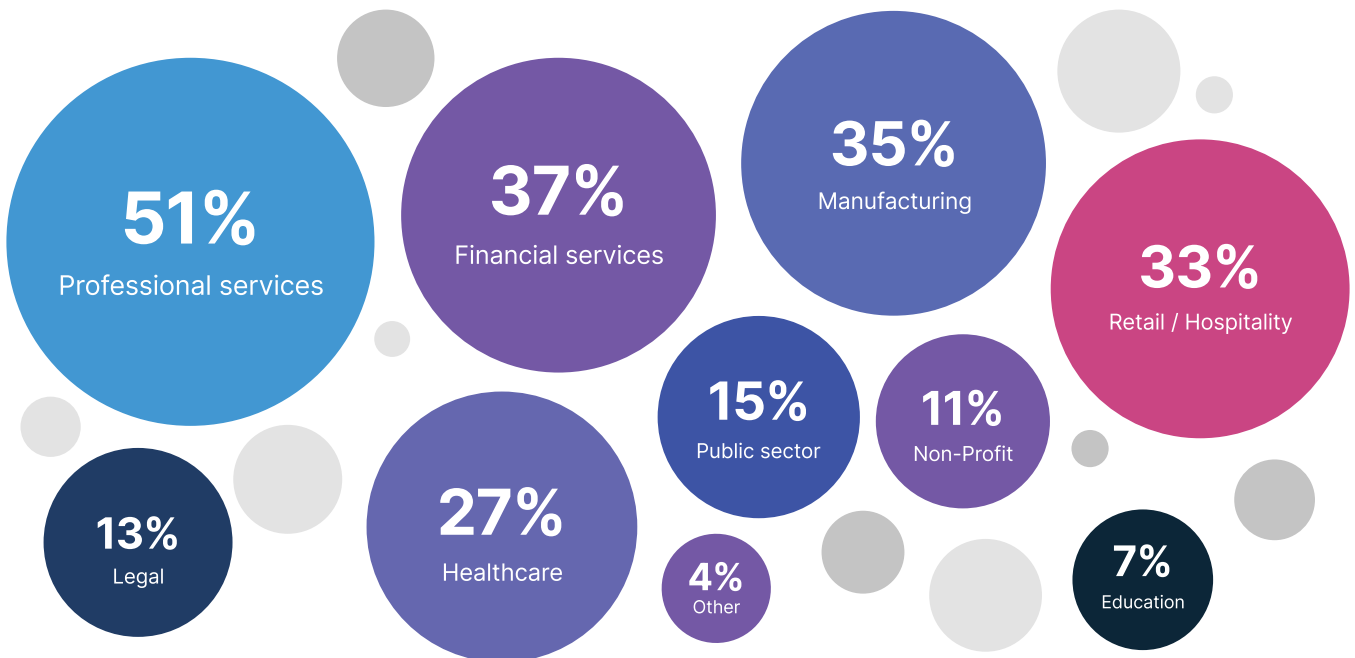
## MSP Age



### Number of Clients



### Industries Served



## Top Trends

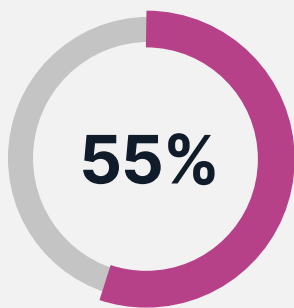
# Top MSP Insights for 2026



## 1. MSP Growth Outlook Still Positive, Despite Familiar Headwinds

MSPs are entering 2026 with confidence in their ability to grow — even as economic volatility, high labor costs, and disruptive technologies continue to reshape the channel. While 2025 growth projections were more aggressive than this year, 55% of MSPs are still projecting double-digit growth in 2026.

To reach their goals, many MSPs will be actively investing in their growth instead of focusing on cost-containment: the number of MSPs expecting to grow via new client acquisition rose 10% this year (vs. 2025); nearly a third of MSPs (especially top performers) are planning to increase hiring; and 87% of MSPs are very or somewhat optimistic about the channel's future growth potential.



***Projecting double-digit growth in 2026.***

## 2. Customer Success is Becoming a Core Driver of MSP Revenue Strategy

More than half of MSPs (60%) now operate a formal Customer Success program designed to align technology guidance with client business goals. MSPs with these programs tend to see lower churn, and top earners typically run more robust Customer Success initiatives. However, many programs still fall short, particularly in onboarding, strategic advisory, long-term planning, and clearly demonstrating business value — areas where strong operators consistently excel.

Although many MSPs are still early in their Customer Success maturity, they're increasingly recognizing its potential impact on revenue. Growing existing client accounts rose from fourth to second place on the list of top growth drivers. In addition, two of MSPs' top 2026 priorities include improving the client experience and becoming more strategic partners — underscoring Customer Success's growing role as a competitive differentiator.

### Top Customer Success Priorities for 2026

1. Existing client account growth
2. Improving client experience
3. Becoming a more strategic partner

### 3. Top Performers Use AI to Enhance Internal Efficiency — Not Replace Workforce

AI adoption is accelerating aggressively in the channel: most MSPs have mapped out an AI strategy, and many expect AI to be heavily embedded in service delivery in the near future. More startlingly, 43% of MSPs say it already has or will fully replace roles in their business.

High-revenue earners, however, are taking a more restrained approach: they're less likely to have a formal AI roadmap, less likely to say AI will replace employees, and more likely to leverage AI for streamlining internal operations. And their pragmatism is paying off, since they tend to report gaining more positive outcomes from AI than their peers.

Their restraint may reflect the challenges of AI adoption. High costs, complexity, security concerns, and accuracy issues are creating implementation hurdles for MSPs — which may explain why nearly a quarter are relying on vendor-embedded AI vs. building their own custom solutions. No matter how it's being leveraged, AI delivers the most value when applied through thoughtful experimentation that complements existing processes and teams (rather than replacing them).



### 4. Talent Constraints May Stunt Growth — But Retention May Matter as Much as Recruitment

Nearly half of MSPs plan to slow, freeze, or outsource hiring in 2026, likely reflecting concerns about rising labor costs and a softening economy. However, about a third expect to increase headcount — especially high performers, who are more likely to feel limited staffing will impact their ability to acquire clients. Salespeople are the top hiring priority for the year ahead, highlighting the belief that dedicated sales staff are critical to achieving growth targets.

MSPs that track more business metrics and client outcomes are also more likely to be hiring, showing that strong reporting helps MSPs confidently justify headcount. However, executives often have a rosier view of client satisfaction, customer retention, and internal AI adoption compared to frontline teams — a misalignment that can delay hiring, increase burnout, and degrade the client experience. Since increased employee retention efforts are linked to lower client churn, investing in existing teams may protect and grow revenue as (or more) effectively than adding new hires.

*Executives tend to report higher customer satisfaction, client retention, and AI adoption rates than frontline, customer-facing employees — a perception that may impact hiring decisions.*

## 5. Cybersecurity Matures; Compliance Emerges as the Channel's Next Big Revenue Opportunity

Cybersecurity took the top spot this year for most common service offered (increasing a few percentage points from last year). It's also the top offering MSPs plan to expand in 2026 — illustrating its shift from advanced add-on to core service.

As security becomes table stakes, compliance is emerging as an under-monetized growth lever. While compliance makes up less than 25% of most MSPs' revenue today, those placing more importance on it over the next few years report higher revenue, ARPU, recurring revenue, and growth rates. High-performing MSPs are also more likely to offer compliance services. While there are real hurdles to selling compliance (complexity, labor costs, liability, and client education), MSPs that invest in it now are positioning themselves for outsized growth in the future.

*QBRs are a double-edged sword, either amplifying strengths or exposing weaknesses.*



## 6. QBRs Are a Critical Opportunity to Prove Business Value — or Lose Clients

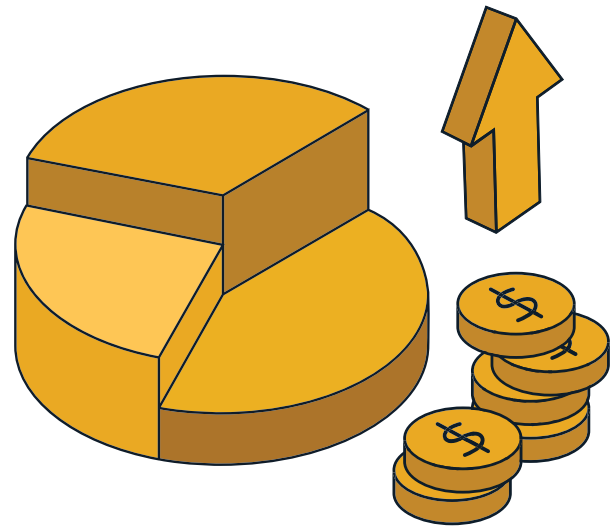
Quarterly Business Reviews (QBRs) remain a key touch point for strengthening client relationships and demonstrating value. Top performers, who have more effective QBRs, tend to meet more frequently with clients (monthly vs. quarterly) and can clearly tie their work to business outcomes.

However, our findings challenge some prevailing assumptions about QBR best practices. For example, high-churn MSPs often spend the most time preparing for QBRs and tend to have more executive attendance at their QBRs — indicating that effort and leadership presence don't guarantee positive outcomes. Top performers are also more likely to share more operational metrics with customers, countering the belief that clients only want high-level summaries. MSPs should ensure their level of effort matches the high-stakes opportunity QBRs present to earn client trust — or expose potential weaknesses.

## 7. MSPs Face Pricing and Competition Pressures — But Internal Strategy May Be Limiting Growth

The growth hurdles MSPs expect to face in 2026 are familiar: budget pressure, pricing pushback, and intensifying competition top this year's list again. While these concerns are valid amid increasing costs and technical complexity, they may also reflect gaps in how MSPs articulate differentiation and value. Top performers tend to demonstrate business impact more effectively — which may explain why they're less likely to say pricing increases affect customer satisfaction.

Some high performers also report higher client churn than average, suggesting they're comfortable losing bad-fit customers that don't fit into their business model. Before MSPs assume market conditions are hindering growth, they should assess if their service delivery strategy and ability to identify poor-fit clients are clear, consistent, and operationally sound.



### What Sets Top-Performing MSPs Apart: Technical Excellence, Human-Centered Delivery

Top revenue performers consistently achieve higher recurring revenue, ARPU, and CSAT scores. A unique blend of behaviors form the foundation of their success: their broad technical expertise and data rigor are balanced by their human-centered approach to strategic service delivery.

- Offering a wider breadth of services, including compliance offerings (which help drive higher ARPU).
- Tracking more financial, operational, and customer service metrics, so they make decisions based on data, not guesses.
- Utilizing more Customer Success practices, including long-term planning, structured onboarding, and regular reviews and assessments.
- Leveraging bigger tech stacks — but no formal AI roadmaps. They're slowly embedding AI into operations to boost internal productivity.
- Investing more in employee retention efforts, and focusing on proactive hiring because they know that people fuel revenue (not just tech).
- Balancing acquiring new clients with account expansion while expanding vCIO services to become more strategic partners to existing customers

# Chapter 1

## Financial Performance

### *MSPs Bank on Expanded Services and New Headcount to Drive Revenue in 2026*

High-revenue earners share similar strengths: strong recurring revenue, high ARPU, disciplined customer success practices, and smart AI usage. And despite economic headwinds, top MSPs are doubling down on service expansion, hiring, and acquiring new customers — choosing growth over caution in the year ahead.



## High-Earning MSPs Have a Stickier Revenue Model

The highest earning MSPs have two things in common: higher ARPU and a higher percentage of recurring revenue — so offering clients more ongoing, monthly service packages outperforms more project-based models. MSPs also earn more when they serve highly regulated industries with more complex IT needs.

MSPs that offer more services and serve more clients also have higher revenue. However, small MSPs (1-10 employees) can also earn millions annually: nearly a quarter earn \$1-3 million, and an elite 13% earn \$3-5 million. But how do they scale service with so few resources? Operational excellence — which we explore in the next section — is likely the answer.



### Most Profitable Industries



Financial services



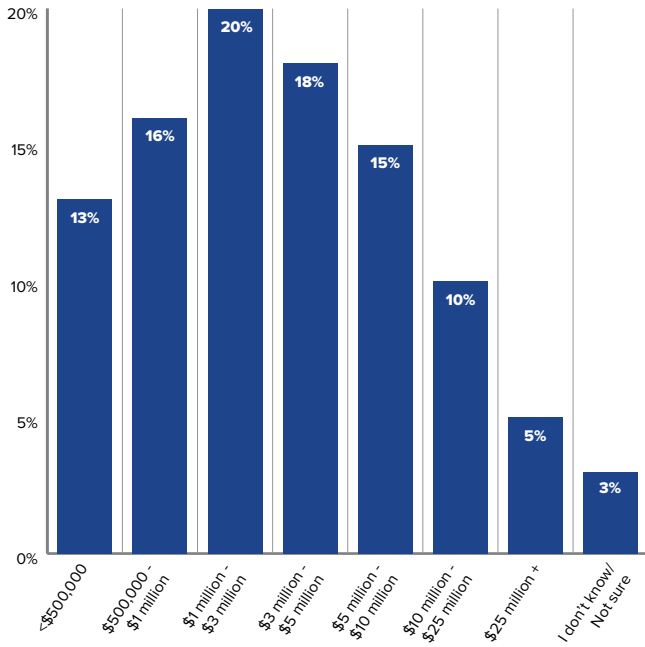
Public sector



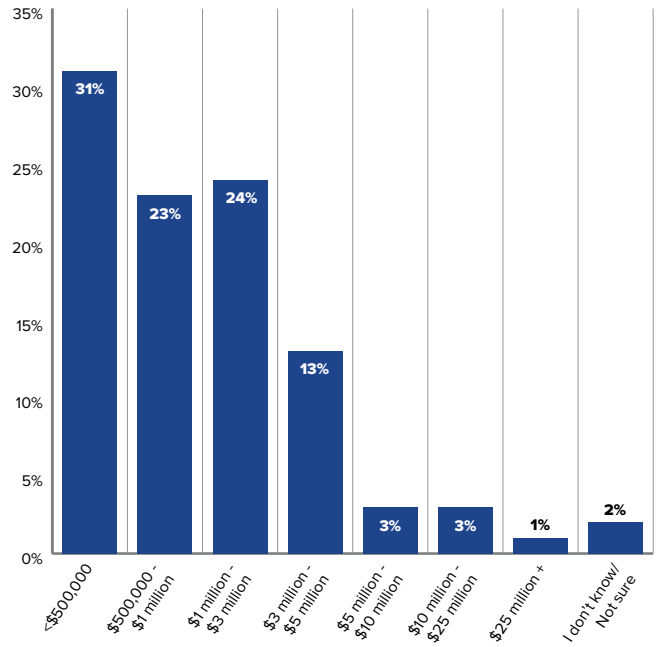
Healthcare

## Total Revenue

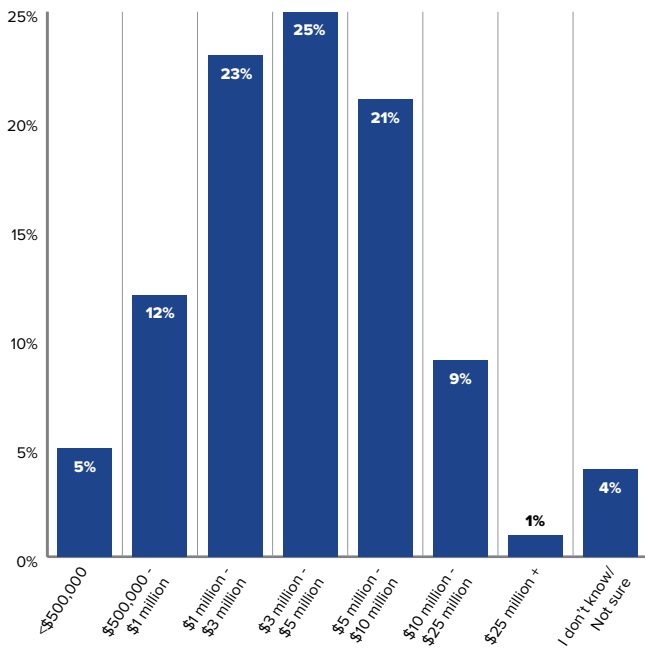
Baseline



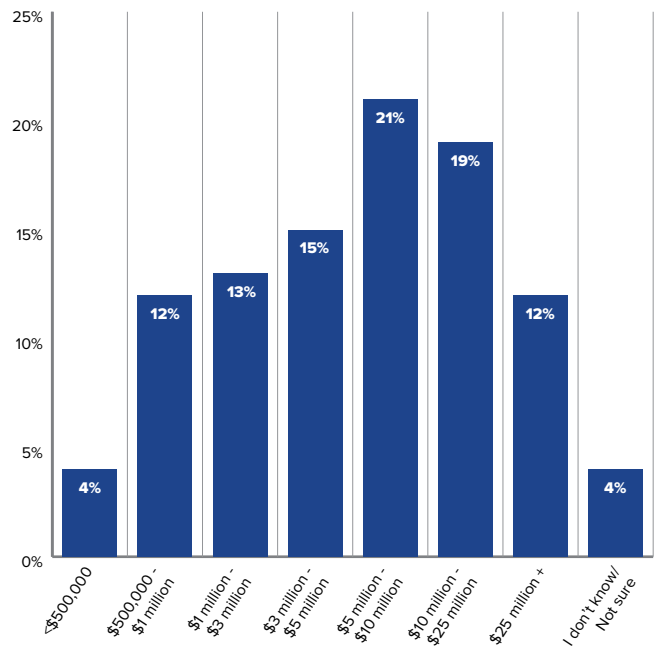
Small (1-10 employees)



Medium (11-50 employees)

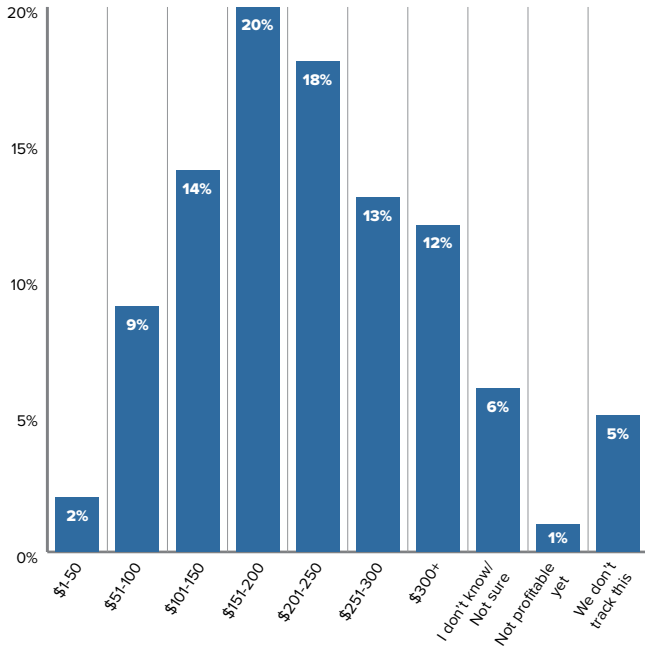


Large (50+ employees)

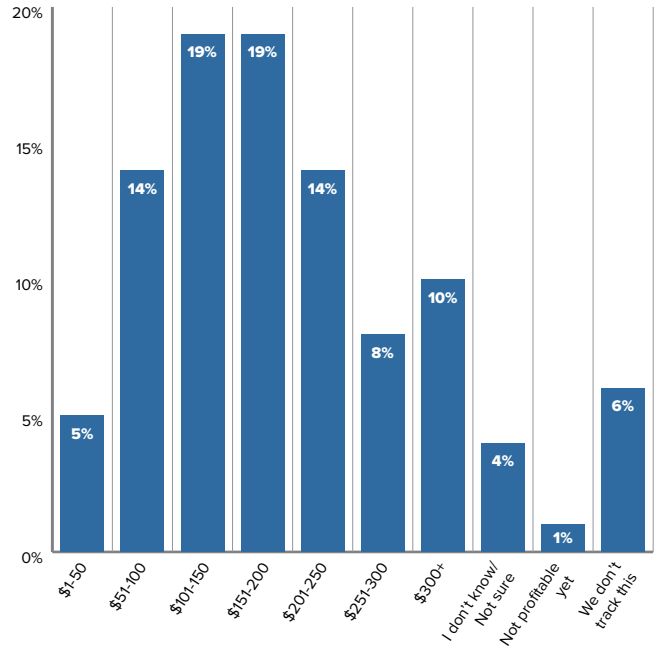


## Average Revenue Per User (ARPU)

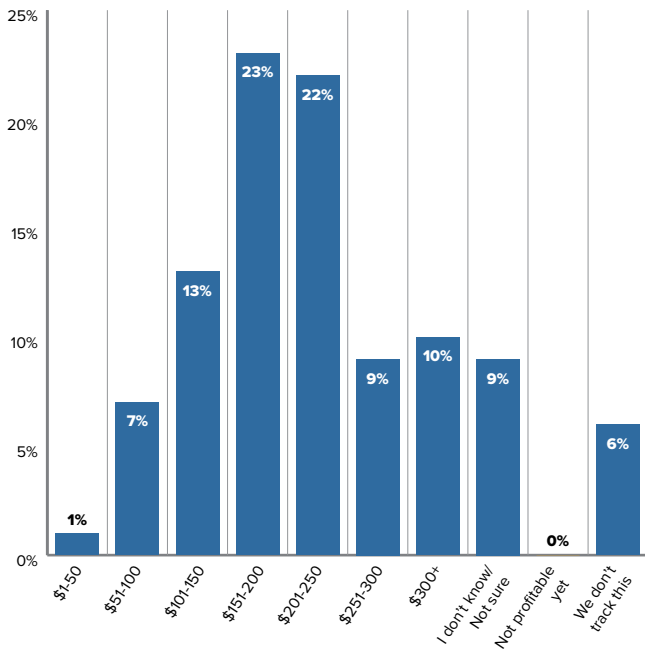
Baseline



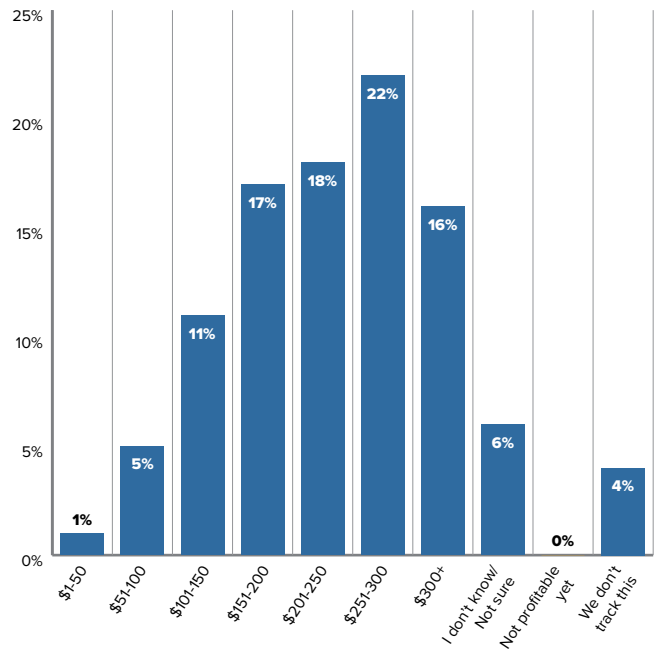
Small (1-10 employees)



Medium (11-50 employees)



Large (50+ employees)



## Where Talent Meets Technology, Revenue Grows

How do successful MSPs serve a high volume of clients? By balancing investments in people, processes, and technology to drive efficiency. For instance, MSPs with high staff utilization rates and “Very effective” AI usage are more likely to have higher revenue and ARPU.

Even with a well-utilized workforce and effective AI use, high-earning MSPs are more likely to be increasing hiring in 2026 — showing that operational strength creates the profitability needed to add headcount and scale.

**High-earning MSPs are more likely to increase hiring in the year ahead.**



## Top Earners Excel at Customer Success — *and* Showing Their Impact

Client happiness is essential for growth and retention. So it's no surprise that those with the highest revenue (and recurring revenue rates) have “Best-in-Class” customer satisfaction (CSAT) scores. High CSAT scores also correlate with higher projected revenue growth in the year ahead, while those with room for CSAT improvement project flat growth or losses in 2026.

One way top earners drive client success is their ability to show clients the impact of their work: MSPs who say their QBRs are “Very effective” and are “Very confident” in their ability to show clients measurable business value report higher revenue.



“

***“There’s a direct correlation between having a well-structured Customer Success department and increased revenue growth. A key factor is the business focus behind it. Effective vCIOs understand business and align their recommendations to business outcomes instead of getting lost in technical details.”***



**Nett Lynch,**  
CISO  
Kraft & Kennedy Inc.



*“The shift from ‘technology success’ to ‘customer success’ will define the next 20 years of our industry — it will determine the winners and losers. The market is beginning to admit that what has been working for the past two decades isn’t enough anymore. The new competitive platform is not being brilliant at technology, but being brilliant at achieving customer success.”*



**Ryan Morris,**  
Chief GTM Analyst  
Morris Management Partners



*“When you talk about renewals, clients are going to have outcomes or initiatives they need for their business over the next 1-3 years. When you go to renew, make sure you recap how you’ve supported those outcomes, and tie the renewal to the forward support of those initiatives with the upcoming goals for the program. That way, they’re not just signing a new scope of work — they’re signing their strategic plan for the next 1-3 years.”*



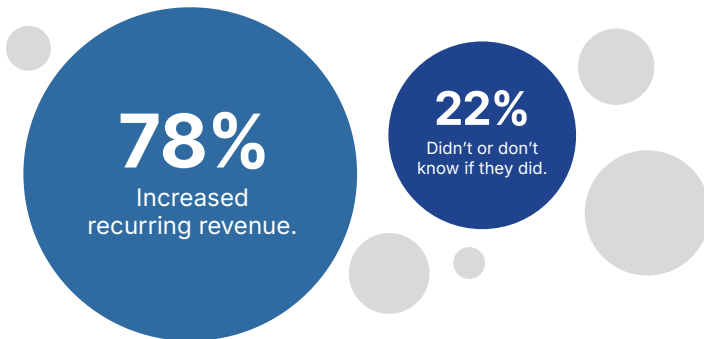
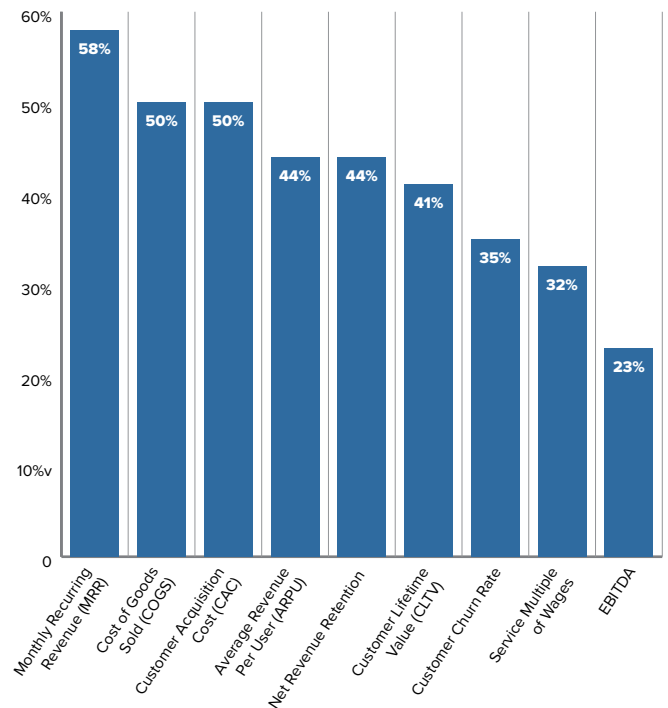
**Jesse Miller,**  
Founder & Creator of the PowerGRYD  
vCISO System  
PowerPSA Consulting

## Recurring Revenue Is a Priority — But Key Client Retention Metrics Aren’t

MSPs are focused on growing recurring revenue, with 78% reporting an increase this year. This explains why 58% of MSPs track MRR (the most popular financial metric). Interestingly, only a little over one-third of MSPs track client churn, even though losing contracts impacts MRR. Staying on top of churn could help MSPs better protect their revenue.

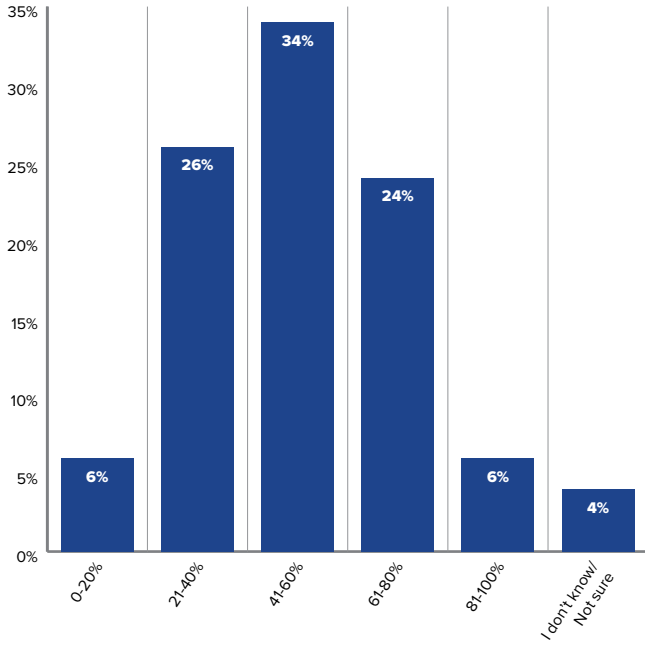
Small MSPs are less likely to have grown recurring revenue this past year. They’re also less likely to track metrics like customer churn rate, Customer Lifetime Value (CLTV) and Net Revenue Retention (NRR) compared to Medium (11-50 employees) and Large (51+ employees) MSPs. Tracking customer revenue-focused data points could help them perform better.

### Top Financial Metrics Tracked

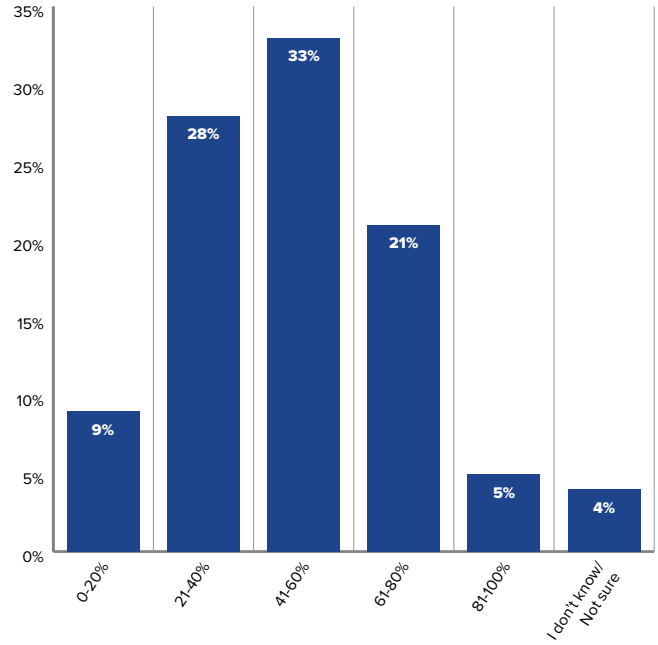


## Percentage of Recurring Revenue

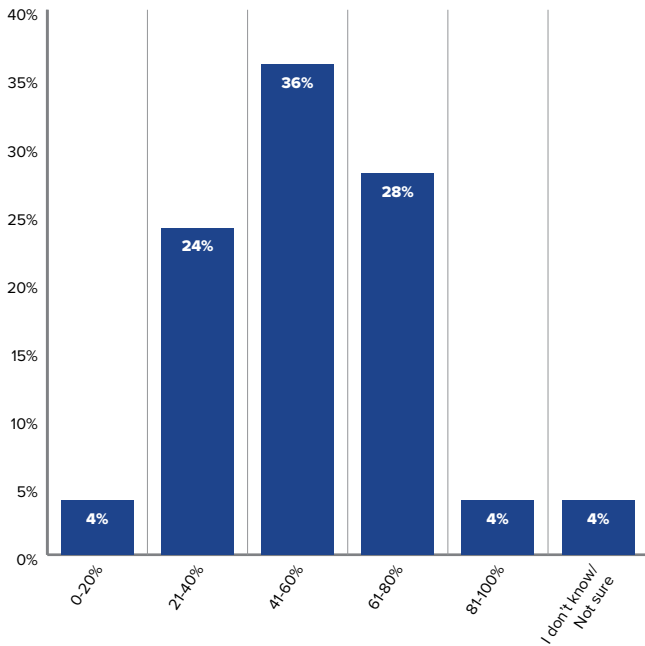
Baseline



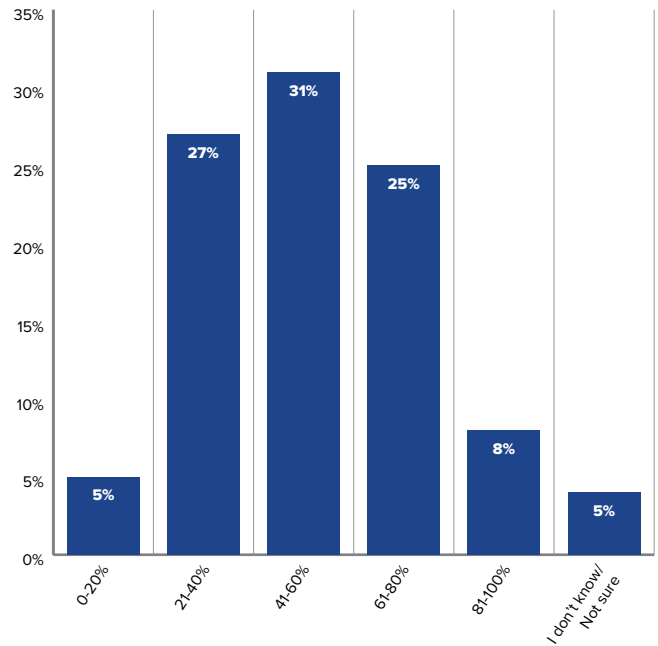
Small (1-10 employees)



Medium (11-50 employees)



Large (50+ employees)

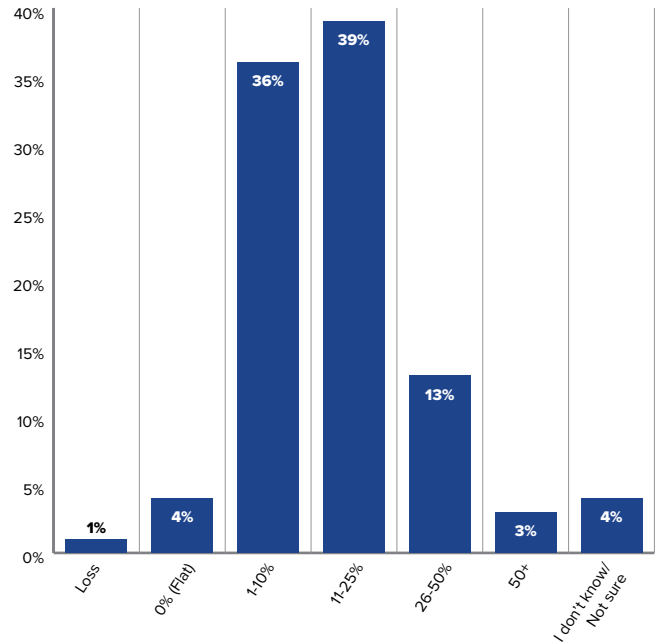


## MSPs Balance Net-New Acquisition and Existing Client Expansion to Support Growth

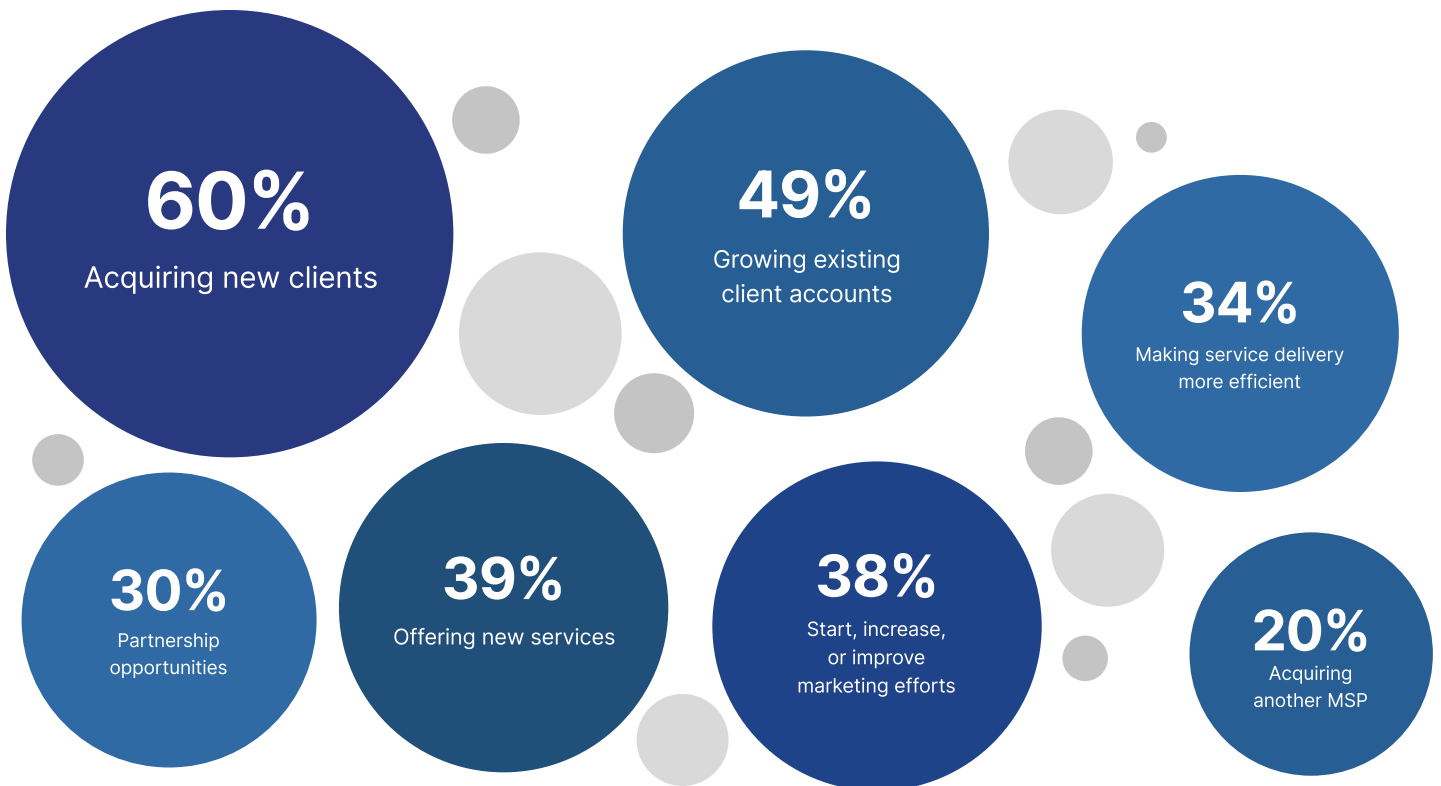
Overall growth projections for 2026 are less aggressive than 2025: “Loss” and “Flat” projections are up a few percentage points, while growth rates over 26%+ dropped by 10% this year. However, the overwhelming majority are still forecasting growth, with over half expecting double-digit rates, signaling optimism amid potential economic uncertainty and market volatility.

Those anticipating growth expect the top driver to be “Acquiring new clients” at 60% — a 13% increase from last year — indicating a more aggressive acquisition strategy. Interestingly, “Growing existing client accounts” jumped from the #4 spot last year to #2 this year (49% in 2026 vs. 35% 2025), suggesting MSPs realize the vital role customer expansion should play in their growth strategy (vs. net-new acquisition alone). Investments in sales and marketing remain stable, showing that MSPs aren’t dialling back discretionary spending that supports their growth.

Projected Growth Rate for 2026



### Main Reason for Projected Growth



## Early Compliance Adopters Earn More, Project Higher Growth

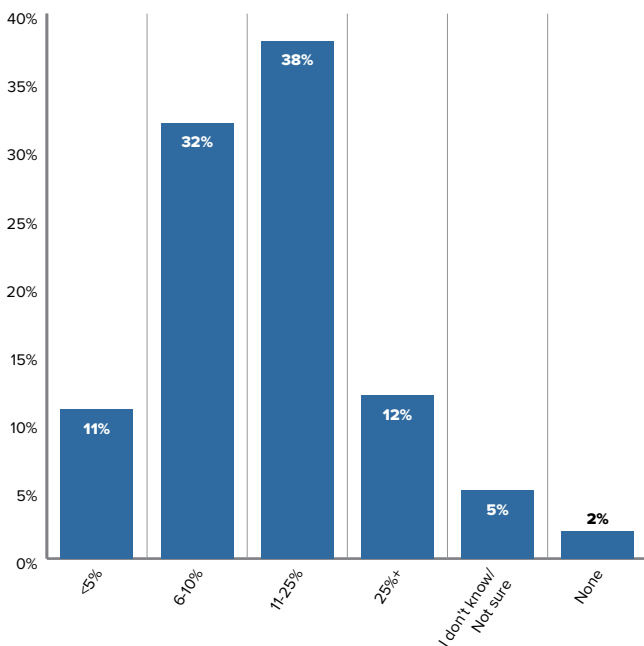
Compliance services make up a modest share of MSP revenue today, with nearly 70% saying compliance only drives 6-25% of revenue. Only 12% say it makes up over 25% of revenue.

However, MSPs that believe compliance will be “Extremely important” or “Somewhat important” in the next three years report higher revenue, ARPU, and recurring revenue than those who feel more neutral. Compliance-forward MSPs also expect more growth in 2026: those who consider compliance “Extremely important” are more likely to project growth rates over 50%+.

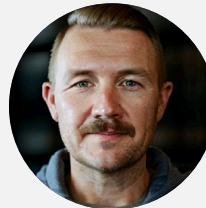
Clearly, those prioritizing compliance are poised to earn more — showing just how much potential revenue remains untapped in the market.



### Percentage of Revenue Earned From Compliance Services



*“There’s a huge untapped market for vCISO — including compliance, governance, business risk strategy — and there’s still a first-mover advantage for MSPs that focus on specific niches. MSPs who are successful here are expanding into hyper-specific verticals, creating outcomes clients want, and making those outcomes the focus of client conversations.”*



**Jesse Miller,**  
Founder & Creator of the PowerGRYD vCISO System  
PowerPSA Consulting



*“Vendors often position compliance as a magic revenue wand: add another product and everything gets better. But that only works if it’s something your clients actually want. Mature MSPs serving mid-market clients sell more compliance because their clients require it. When CMMC 2.0 rolled out, about half of my clients saw compliance take off, and the other half saw no motion at all. That isn’t random — it depends entirely on the market the MSP was already serving.”*



**Megan Killion,**  
Founder & Chief Consultant  
Pisces Growth Consulting

## Profile Of A Top Performer

What do the MSPs with the best overall performance do differently? We define a top performer (10% of those surveyed) as MSPs who have:

**60%+**

Revenue recurring

**10%**

Or less client churn

**11%+**

Projected growth rate

In each chapter, we'll look at how they create their operational advantage and pull ahead of other MSPs.

## What Top Performers Do Differently

### *Service Breadth and Data Depth Underpin Top-Line Growth*

Top performers earn more by offering a wider range of services, spanning infrastructure, security, device management, backup and recovery, productivity tools, and strategic vCIO guidance. They also offer more types of compliance services.

They also track more financial data metrics. They're more likely to track customer acquisition cost, churn rate, monthly recurring revenue, and overall profitability (EBITDA), which helps them monitor revenue closely and make more strategic decisions.



## What Top Performers Struggle With



### Tech (Dis)Integration

Top performers use more internal apps and tools, which is likely why they report having more integration challenges.



### Project Management

They say this is an inefficient area in their business. But this worry might reflect their stronger awareness of it, not weaker performance.



### Staffing Challenges

They worry about not having enough technical staff to serve clients and grow, so they may feel the talent crunch more than others.

**Top performers are typically older MSPs — proving that strong revenue engines take time to build and refine.**

# Chapter 2

## Business Operations

### *Workforce Shifts and Executive-Employee Misalignment Create Operational Pressure Points*

The best-run MSPs track more metrics, plan smarter, and invest deliberately in their teams. But beneath the surface, misalignment around operational metrics, AI use, and team capacity may cause even strong operators to leave revenue on the table.



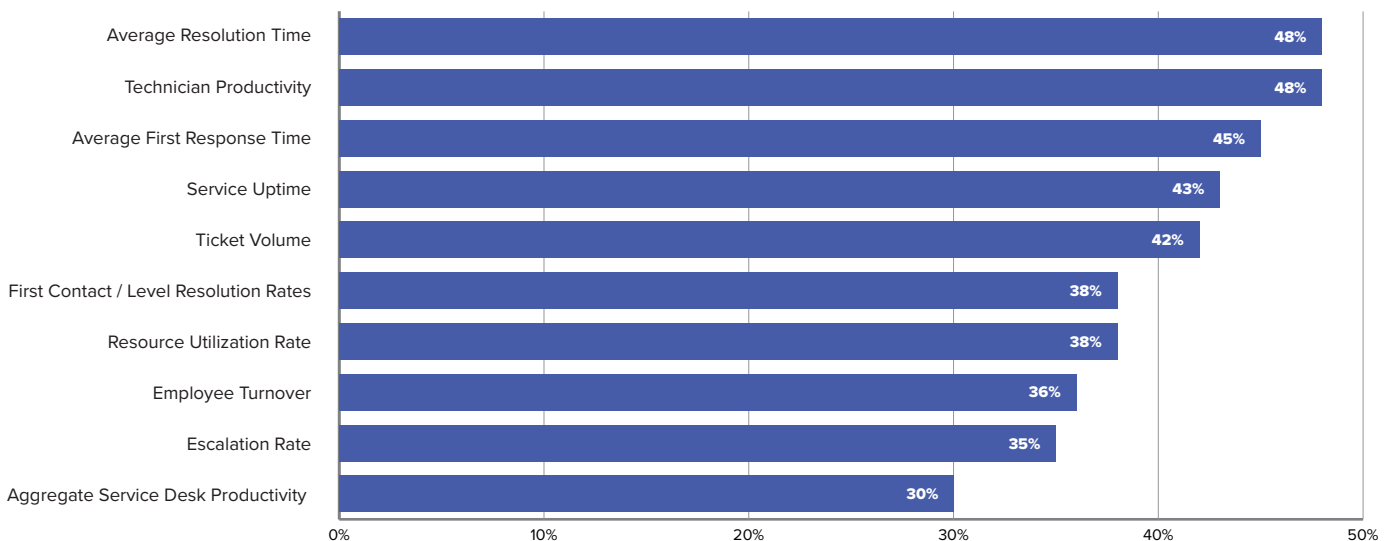
## Leading MSPs Prioritize Tracking Service Speed and Team Productivity Metrics

They say “what’s measured is managed,” and top MSPs prove it: those who track more operational analytics tend to out-earn their peers and have higher CSAT scores. They’re more likely to track a wide variety of metrics — especially Average Resolution Time, Technician Productivity, and Average First Response Time — which shows that keeping an eye on service speed and team efficiency pays off.

MSPs that want to better understand the connection between client service and employee productivity may want to find ways to track some related — but less popular and harder to standardize — metrics, like Employee Turnover, Escalation Rate, and Aggregate Service Desk Productivity (which only about a third of respondents currently track).



### Operational Business Metrics Tracked



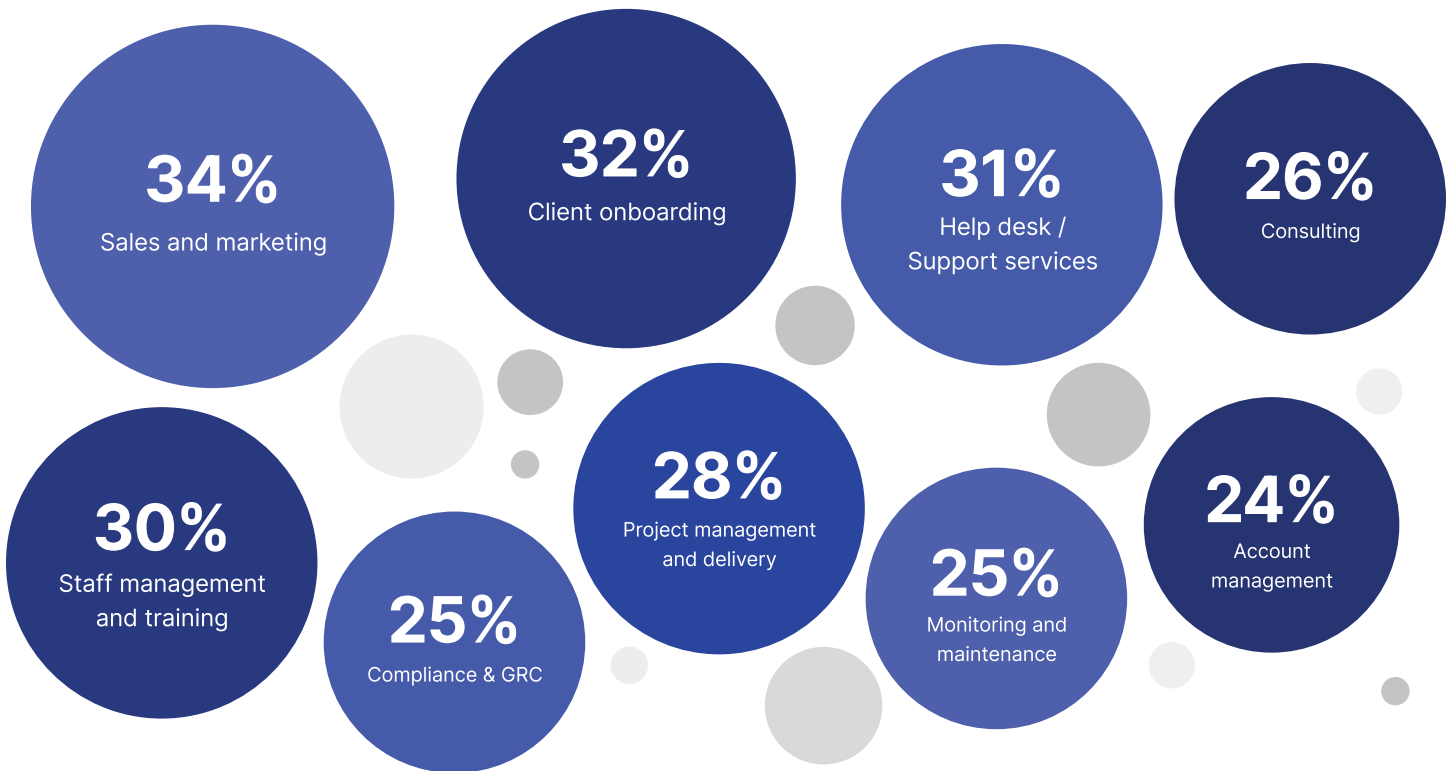
## Selling and Onboarding Are the Channel's Most Persistent Pain Points

There's only a 10% difference between responses on the least efficient areas of MSPs' businesses, meaning challenges are varied across providers, and no single function is a universal bottleneck.

The biggest inefficiency areas show up early in the client relationship: "Sales and marketing" and "Client onboarding." Since MSPs with stronger customer success programs (like formal onboarding, account management, and vCIO services) tend to perform better, standardizing client engagement processes and taking a more consultative sales approach should help MSPs overcome these issues.

*MSPs rank "Help desk / Support services" as their third biggest inefficiency area — but since few MSPs have poor CSAT scores, this may be an internal operational strain more than a customer pain point.*

### Least Efficient Business Areas





*“If you don’t properly onboard clients from the beginning, you’re setting yourself up for churn later. Good onboarding helps avoid buyer’s remorse. Your goal should be to quickly reinforce the value of your services, particularly with monthly recurring contracts. High churn can be an MRR killer, and it should be tracked and analyzed for both revenue impact and client fit.”*



**Kathryn Rose,**  
Founder  
channelwise



*“The key to unlocking the door to future expansion is a positive onboarding and adoption experience. You never get a second chance to make a first impression. If clients don’t feel you are programmatic, methodical, and systematic in the way you onboard them into your environment over the first 90 days, they won’t be confident enough to bet future business on a long-term relationship with you. All expansion and retention is predicated on a successful adoption and onboarding experience.”*



**Ryan Morris,**  
Chief GTM Analyst  
Morris Management Partners

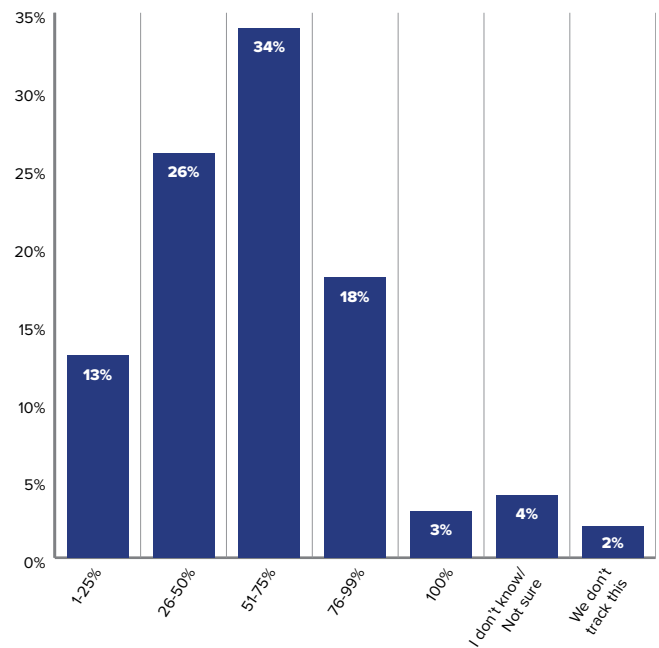
## MSPs Must Find “Goldilocks Zone” for Technical Staff Utilization

Self-reported utilization varies widely across MSPs, and lower reported rates may indicate differences in definition and tracking rather than true capacity levels. Higher technical staff utilization rates are often linked to better financial performance, higher ARPU, stronger CSAT scores, and an increased likelihood of hiring in 2026.

But MSPs with the highest utilization rates are also more likely to report higher client churn. Those struggling with retention tend to see account management, monitoring and maintenance, and project delivery as inefficient. This suggests that consistently high staff utilization makes it hard for teams to keep up with these tasks — potentially leading to poorer client service and higher attrition.

The takeaway? Increasing utilization rates can drive performance, but only up to a point. Since nearly half of high performers tend to fall in the 51%-75% utilization range, this is likely the sweet spot for balancing productivity and client service. MSPs in the 75%+ range should consider adjusting workloads, processes, or staffing to avoid potential capacity constraints.

### Utilization Rate for Technical Staff



**51-75%**  
The most common utilization rates for high performers.

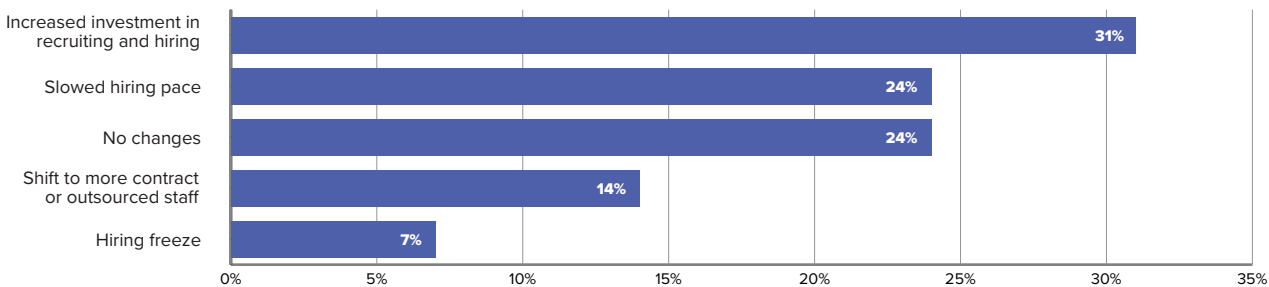
## Nearly a Third of MSPs Have Bullish Hiring Plans for 2026

Nearly half of MSPs plan to slow or freeze hiring, or outsource labor this year, while another quarter plan to hold steady at their current team size, likely due to economic uncertainty. Those who are hiring less tend to have lower CSAT scores and say rising salary expectations are a key issue, suggesting a relationship between service performance, client growth, and hiring budgets.

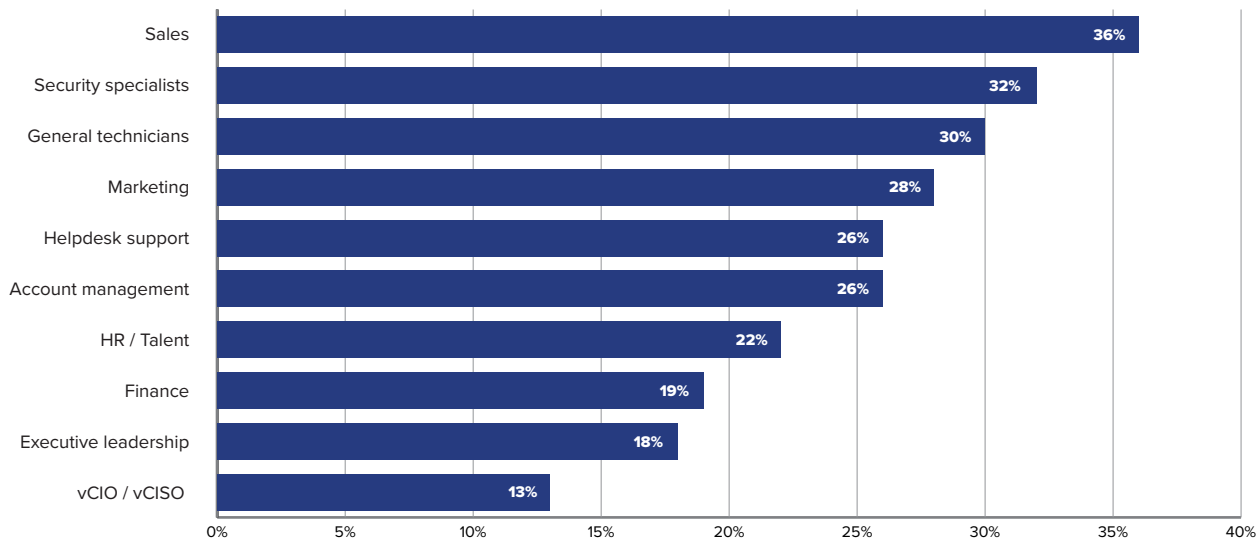
However, nearly a third of MSPs plan to increase headcount in the year ahead, despite looming economic uncertainty. Top performers and those who track more metrics are more likely to increase hiring — showing that strong financial performance and visibility into key business metrics give MSPs the confidence to invest in new roles during a potential downturn.



### Hiring Approach for 2026



### In-House Roles to Hire in 2026



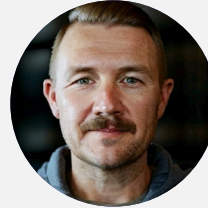
## MSPs Challenged by Hiring — But Employee Retention May Sour Customer Experience

MSPs are more concerned about “Finding skilled technical staff” (31%) than “Retaining current employees” (11%). But employee retention isn’t just about saving on recruiting costs or shortening ramp time — it can also impact the client experience: MSPs with lower client churn and higher CSAT scores are more likely to invest in more retention efforts, like career growth planning and ongoing education — suggesting a link between employee retention and customer retention.

A fifth of MSPs say “Training and upskilling” is their biggest talent obstacle. Since finding new technical hires is a top challenge, prioritizing internal people development may be a less expensive way to help bridge the talent gap.



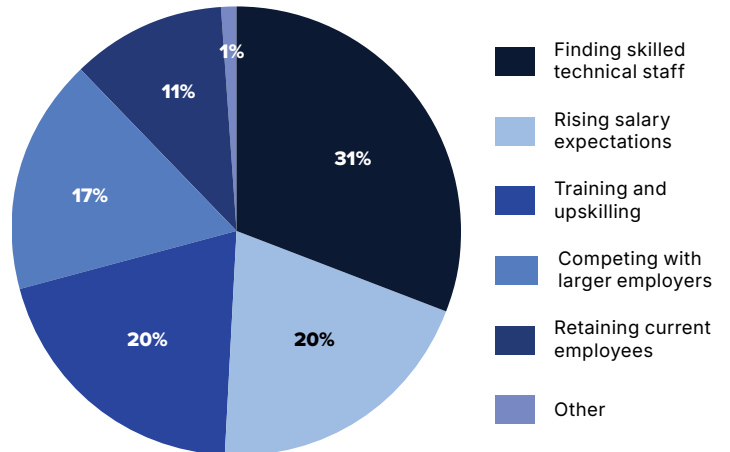
*“You need to take a sober assessment of the skills and talent you have in-house: what kind of markets you’re skilled in, what you want to go after, and if you have the people to support that. You may discover you can easily groom an internal resource using vCISO acceleration programs. If you bring in outside help from the enterprise or consulting world, make sure to give them the blueprint to operate in an MSP context.”*



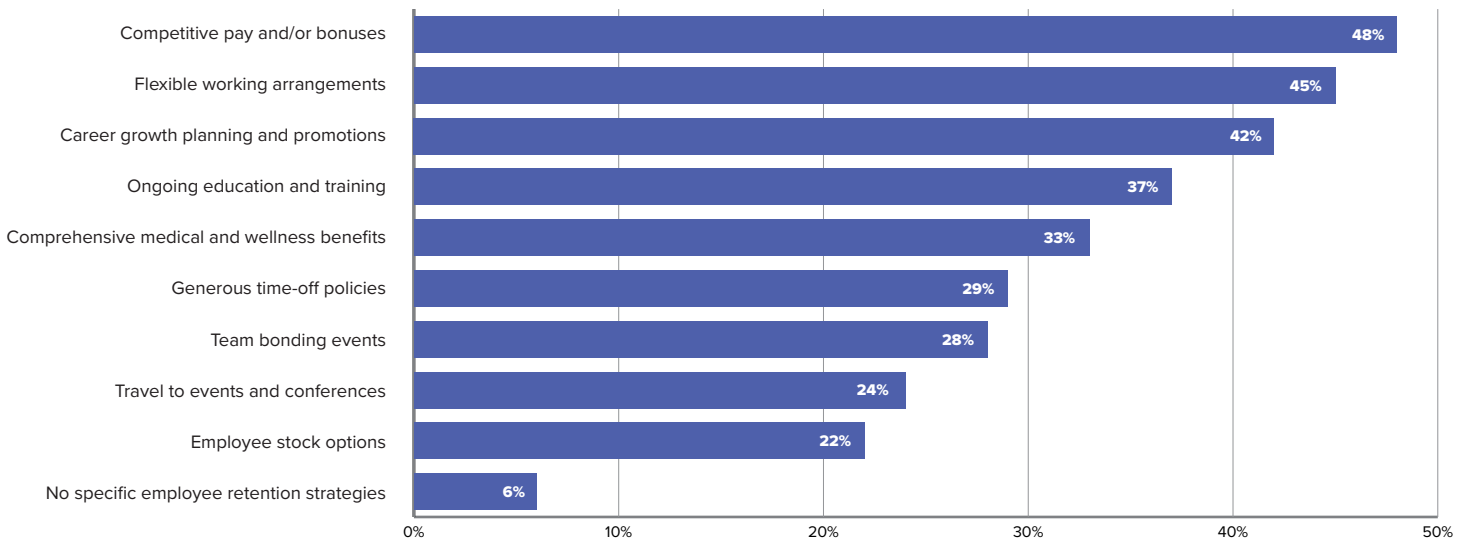
**Jesse Miller,**  
 Founder & Creator of the PowerGRYD  
 vCISO System  
 PowerPSA Consulting



### Top Hiring and Employee Development Challenge



### Employee Retention Practices



## The Executive vs. Employee Expectations Gap

One of the operational challenges many MSPs face is misaligned perspectives between executives and customer-facing employees. Here's how to close the gaps and improve performance.

Topic	Mindset	How to Align
<b>Team Turnover</b>	Customer-facing teams are more likely to say retention is their big talent challenge. Leaders are less worried and perhaps see turnover rates as acceptable without considering employee concerns about replacements.	<ul style="list-style-type: none"> <li>Investigate how turnover affects efficiency and team morale.</li> <li>Offer and/or promote employee retention initiatives.</li> </ul>
<b>Employee Retention</b>	Leaders report offering more retention programs than employees say they actually receive — meaning employees may not be fully aware of what's offered or take advantage of these programs.	<ul style="list-style-type: none"> <li>Clearly explain (and regularly remind teams of) retention programs available to staff.</li> </ul>
<b>Level of Work Enjoyment</b>	Client-facing teams are more likely to say they feel "Neutral" or "Enjoy their work most of the time." Executives are more likely to "Really enjoy their work" — a gap worth closing, given how front-line staff impact the client experience.	<ul style="list-style-type: none"> <li>Use eNPS to track employee happiness.</li> <li>Survey employees to learn what would make them happier.</li> </ul>
<b>AI Adoption</b>	Employees are more likely to say they use AI less than executives say it's being used. They're also more likely to see their AI use as "Somewhat effective," while leaders feel it's "Very effective." Executives also see AI as a business opportunity, whereas staff see it as "Somewhat more opportunity than risk."	<ul style="list-style-type: none"> <li>Improve executive visibility into AI adoption.</li> <li>Help employees to uncover more AI use cases.</li> <li>Offer AI training and emphasize the career benefits of AI adoption.</li> </ul>
<b>Client Satisfaction and Churn</b>	Employees say their CSAT scores are "Average" and report they lost a larger proportion of clients over the past year, while executives were more likely to say CSAT is "Excellent" and that they lost almost no clients — meaning one group may not have the right level of insight into customer sentiment and renewals.	<ul style="list-style-type: none"> <li>Report on customer retention metrics at all levels of the organization.</li> <li>Align on CSAT tracking system and give teams visibility into scores consistently.</li> </ul>
<b>Client C-Suite Engagement</b>	Leaders are more likely to say executives from their clients' teams are regularly involved in business reviews. In contrast, employees are more likely to say executives "Rarely" or only "Occasionally" are present.	<ul style="list-style-type: none"> <li>Leaders should determine the right level of sponsorship and help get client executives on more calls.</li> </ul>

Topic	Mindset	How to Align
<b>Customer Success</b>	Executives have a rosier view of their customer success processes than employees: leaders are more likely to report having more success practices in place (like account management and technology roadmaps) and tracking more related metrics (like NPS and security reports) than their employees.	<ul style="list-style-type: none"> <li>• Get on the same page about the reality of what's being tracked and implemented.</li> <li>• Be explicit about which metrics and programs matter; set up a system to make sure success processes are followed.</li> </ul>
<b>Hiring Trajectory</b>	Employees are more likely to think hiring will freeze or slow down in the year ahead, while executives are more likely to say they plan to increase recruiting.	<ul style="list-style-type: none"> <li>• Share hiring plans openly so employees aren't worried unnecessarily about staffing shortages.</li> </ul>
<b>Business Metrics</b>	Employees are less likely than leaders to know their ARPU, percentage of recurring revenue, or projected growth rates.	<ul style="list-style-type: none"> <li>• Consider sharing these metrics with employees so they can understand and better support topline business goals.</li> </ul>
<b>Growth Outlook</b>	Frontline employees think growth in the year ahead will come from acquisitions or partnerships with other MSPs, while leaders predict it will come from a combination of cold outreach and growing customer accounts.	<ul style="list-style-type: none"> <li>• Align on key growth channels for more coordinated sales and marketing pushes.</li> </ul>

## What Top Performers Do Differently

### *Investing in People to Fuel Growth*

High-earning MSPs know that, even with the advent of AI, investing in people is still vital to business growth. While some MSPs are on a hiring freeze in the year ahead, top MSPs are planning to actively recruit — especially for helpdesk or security roles.

Top-performing MSPs also invest far more in keeping their people by offering clear career paths, competitive pay and bonuses, flexible work, ongoing training, and real team-building. Fittingly, their teams are much more likely to genuinely enjoy working there.

Top performers also track more team productivity metrics, which helps them increase utilization rates and better forecast hiring needs.

## Chapter 3

# Technology Usage

### *Accelerated AI Adoption Drives Performance — and Divides MSPs*

As AI becomes table stakes for more MSPs, it comes with both productivity gains and (familiar) tech stack challenges around cost, complexity, and governance. While MSPs are split over its impact on staffing, top performers are using it to drive internal efficiency today — and scale client impact tomorrow.



## Bigger Tech Stacks Boost Performance at a Cost

MSP tech stacks grew slightly this year, with more providers reporting 16+ apps compared to last year — likely driven by the rise of AI and increasing stack maturity. Having more tools is associated with better performance: top earners are more likely to have 11–20 apps, while average MSPs tend to use fewer than 10.

MSPs with the highest staff utilization (76–99%) tend to use 16–20+ apps, while those with lower utilization rely on fewer solutions, suggesting that more robust, mature tech stacks can boost productivity. However, since higher utilization was linked to higher

client churn risk in Chapter 2, MSPs may need to strike a balance between having too many tools for staff to manage vs. investing in ones that drive efficiency and boost staff capacity.

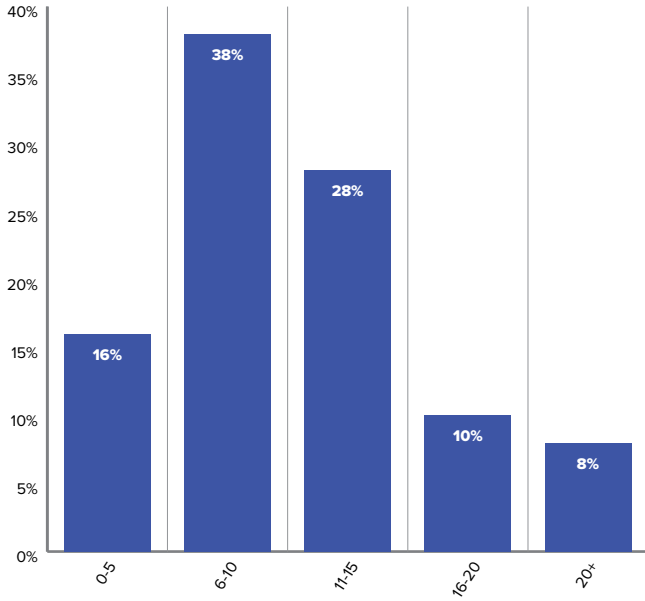
While larger tech stacks may improve performance, they come with challenges: keeping up with new apps, rising solution prices, and changing compliance/security concerns are making managing tech difficult for MSPs — especially as AI tools introduce new learning and training demands (which we'll explore in this section).

### Top Tech Stack Challenge

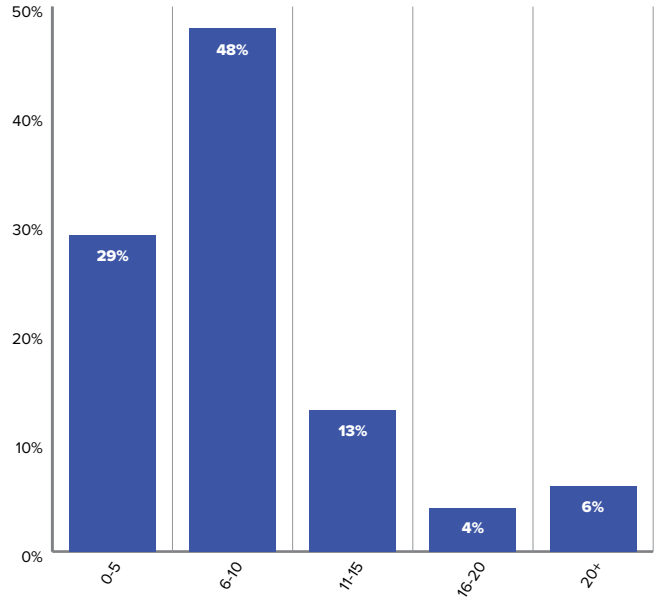


## Number of Apps in Tech Stack

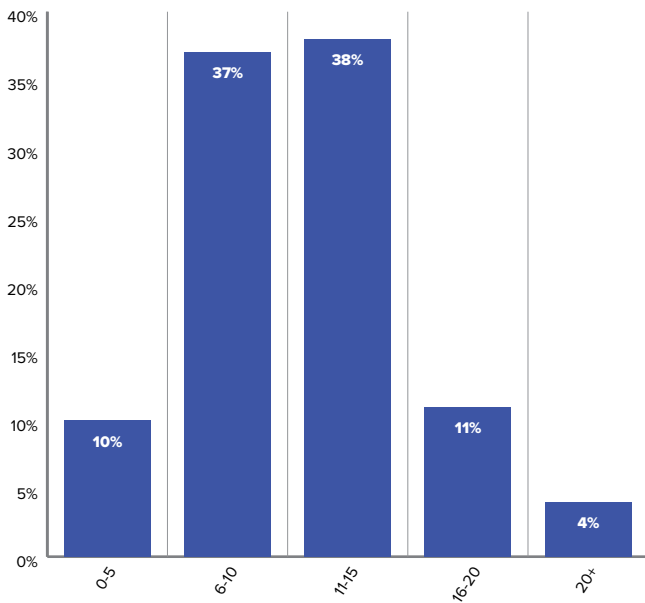
Baseline



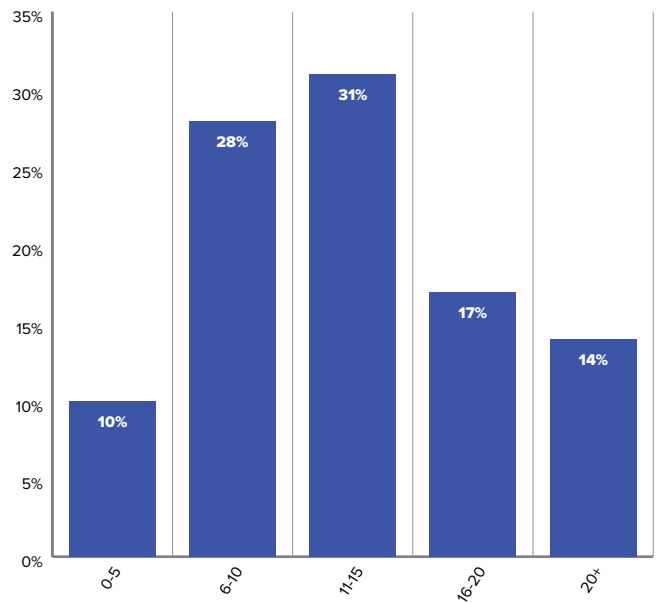
Small (1-10 employees)



Medium (11-50 employees)



Large (50+ employees)



## Most Popular MSP Tools

Curious what software your MSP peers have in their tech stack? These are the most commonly used tools across each category (in alphabetical order).

<p><b>Professional Services Automation</b></p> <p>ConnectWise Manage Datto Autotask PSA Syncro</p>	<p><b>Quoting and Procurement</b></p> <p>ConnectWise Sell Kaseya Quote Manager PandaDoc</p>	<p><b>Backup Disaster and Recovery</b></p> <p>Arcserve Barracuda MSP Datto Backup - Kaseya</p>
<p><b>Endpoint Security</b></p> <p>CrowdStrike Microsoft Defender SentinelOne</p>	<p><b>Compliance and GRC</b></p> <p>ControlMap Drata Vanta</p>	<p><b>vCIO / QBR Prep</b></p> <p>CloudRadial CSA Lifecycle Manager MyITProcess</p>
<p><b>Documentation and Knowledge Management</b></p> <p>Confluence (Atlassian) Hudu IT Glue (Kaseya)</p>	<p><b>Remote Monitoring and Management</b></p> <p>ConnectWise Automate Datto RMM NinjaOne</p>	

## AI Adoption Surges, With Top Use Cases in Data, Security, and Automation

The majority of MSPs now have a documented AI roadmap: 39% are executing their plans, while 36% have yet to do so. However, nearly half feel their adoption of AI has only been “Somewhat effective,” while almost a third feel they are “Very effective.” (Unsurprisingly, those with a documented strategy report more successful adoption).

MSPs who are executing on their AI roadmaps are more likely to report running “Very effective” QBRs and having greater confidence in showing business value to clients. Since reporting is one of the top AI use cases, this may indicate that smart automation makes collecting and sharing key client metrics simpler for MSPs. Other top uses focus on day-to-day MSP operations, especially security and monitoring, operational automation, and internal or client communications.

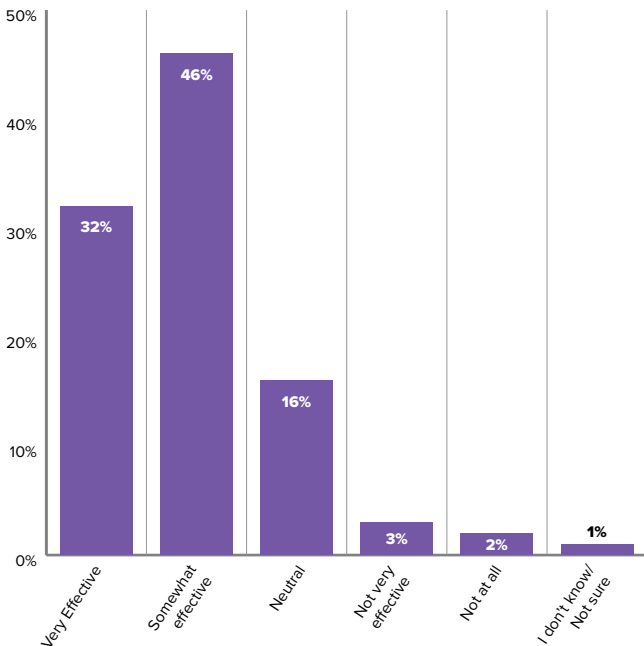


## Custom vs. Vendor-Embedded AI

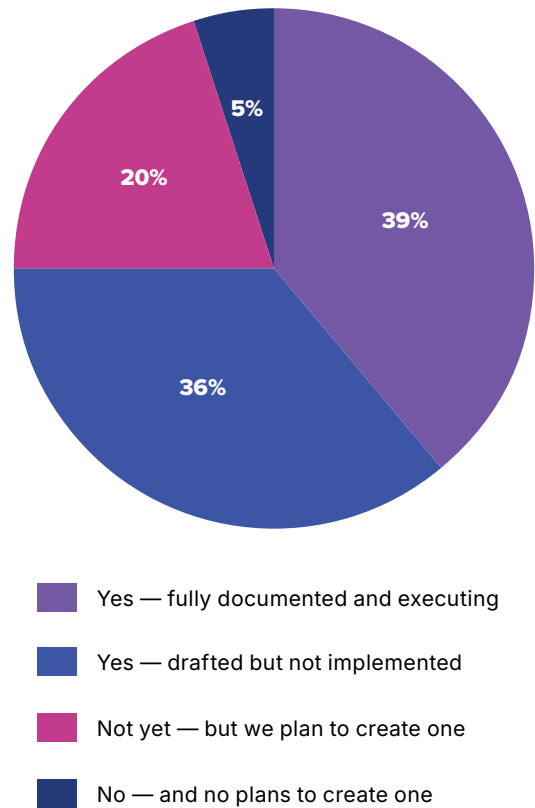
About a quarter of MSPs rely primarily on AI within existing vendor solutions. However, the most successful MSPs are likely customizing AI for more sophisticated use cases in their business:

- MSPs with higher ARPU are more likely to use AI for data and automation than lower ARPU earners (who are more likely to say they rely on vendor-embedded AI).
- MSPs focused on compliance use AI in more areas of their business — especially advanced automation and client engagement and support.
- Those with high CSAT are more likely to leverage AI for internal and client communications, operations and workflow automation, and sales and marketing enablement.

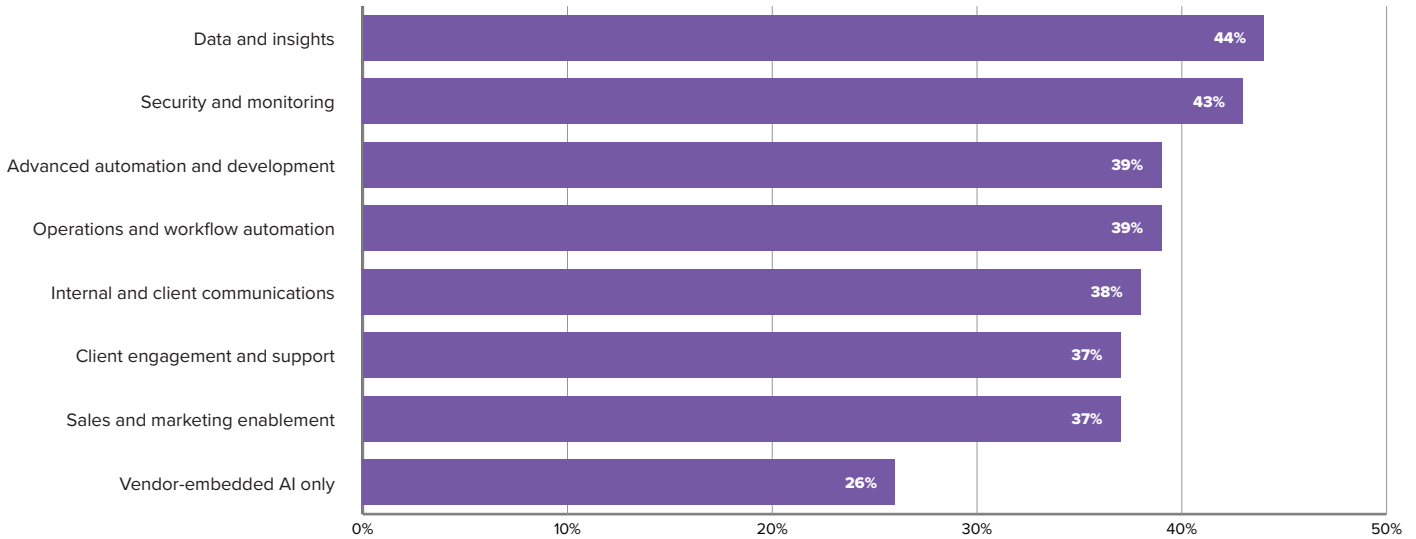
### Effectiveness of Current AI Adoption



### Formal AI Strategy/Roadmap



## Top AI Use Cases



***AI and automation move fast, but buyers have caught on to the buzzwords. Just saying 'AI readiness' or 'AI integrations' doesn't make a business better. The opportunity is in solving a specific problem and productizing that solution. AI works once you already have a strategy and you know how to use it. As a slap-on bandage, it usually makes things worse, not better.***



**Megan Killion,**  
 Founder & Chief Consultant  
 Pisces Growth Consulting



***Higher-performing MSPs are skeptical of AI hype because they've seen claims about technology disrupting the channel before. But skepticism isn't fear. Since high-performers run lean, margin-driven operations, they're used to testing and validating before adding new tools. They ask themselves practical questions, like 'Do we have the infrastructure, credibility, and ability to sell this or add it to our stack?'***



**Kathryn Rose,**  
 Founder  
 channelwise

## AI-Assisted Service Delivery Will Accelerate in the Next 2–3 Years

Today, 62% of MSPs say AI assists with 25% or less of client service delivery, with only a quarter of MSPs delivering 26–50% of services with the help of AI. However, over the next few years, most MSPs expect AI-supported service delivery to move beyond early adoption, with the largest share anticipating usage in the 25–75% range.

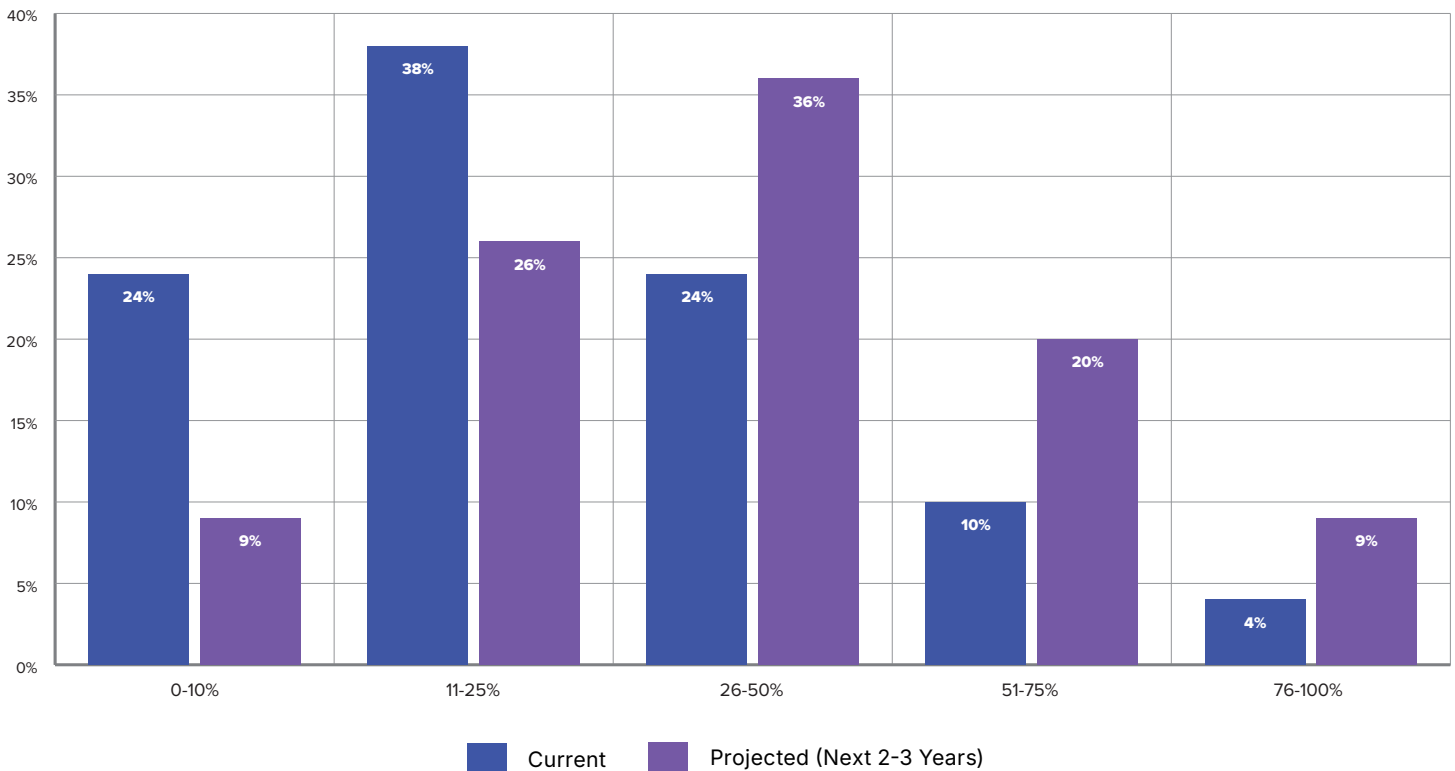
Top performers and executives are more likely to predict that 51–75% of services will be AI-assisted in the future, showing AI's rising influence on operating models and business strategy. AI service delivery seems to correlate with better overall customer engagement, as MSPs with more AI delivery support now — and higher projected usage in the future — tend to have:

- Higher CSAT scores
- Highly effective QBRs
- High confidence in their ability to deliver value to clients

*MSPs with higher staff utilization rates are more likely to report delivering 51–75% of their services with AI assistance.*

*They also tend to use it more for internal and client communications — suggesting AI may already be helping teams scale and maintain service levels.*

### Current vs. Projected Percentage of AI-Assisted Services



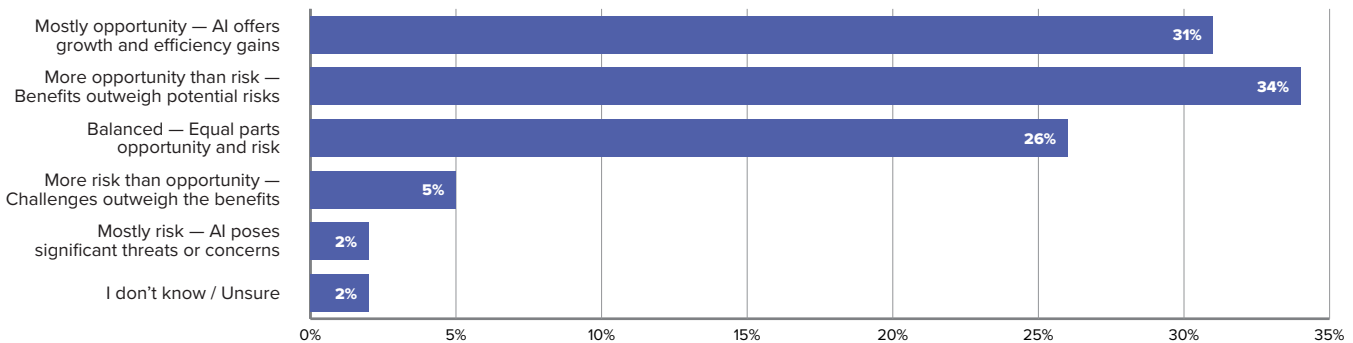
# AI Benefits Outweigh AI Worries — But Concerns Still Linger

Overall, MSPs are up for the challenge of figuring out how and where AI should be used. The majority (65%) see it as more of an opportunity than a risk. The top benefits MSPs report are around efficiency and time savings for staff, underscored by improved accuracy. When it comes to client-facing benefits, better reporting and faster response times top the list.

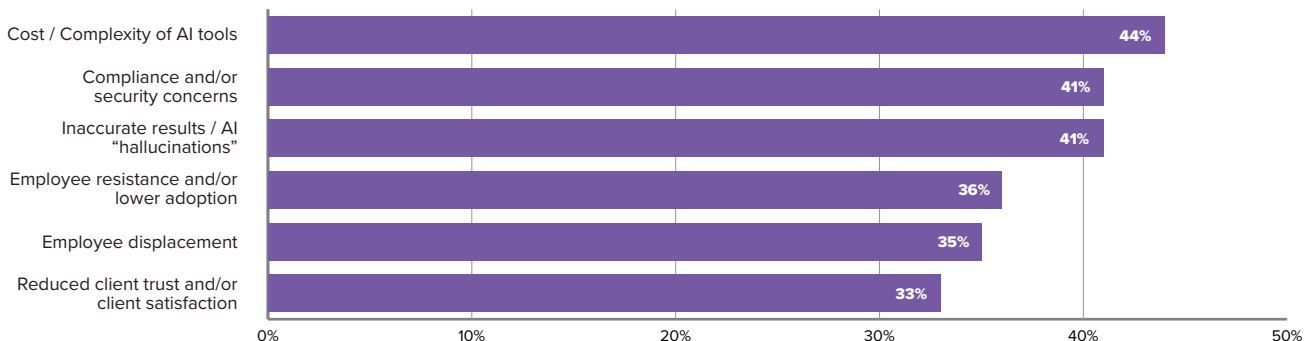
Despite the benefits of AI, MSPs are grappling with implementation challenges: cost and complexity are number one, followed by compliance and security concerns, and inaccuracies or hallucinations. Many MSPs already deal with high software costs, a lack of compliance and/or security expertise, and a need for accurate reporting — so integrating AI into systems already experiencing these issues may be tougher than expected.



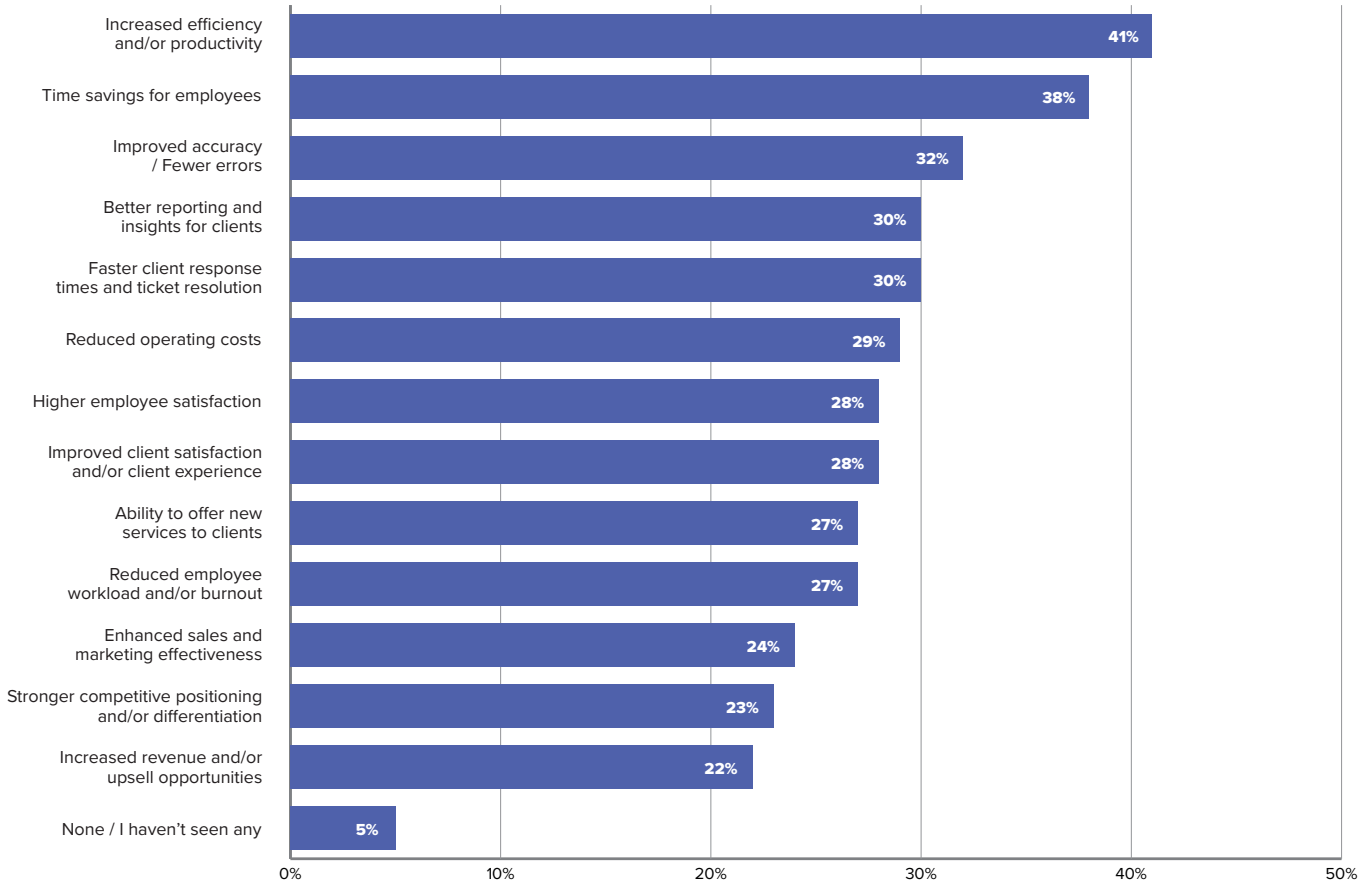
## AI: Risk or Opportunity



## AI Concerns



## Positive AI Outcomes



## MSPs Split on Impact of AI on Staffing

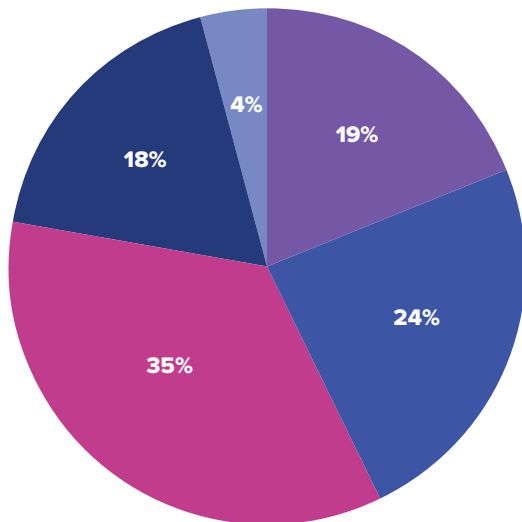
A little over half of MSPs expect AI to reshape — rather than eliminate — full-time roles. However, nearly one-fifth say AI has already replaced roles, and a quarter believe it will in the future — showing a clear divide between those who see AI automating work away vs. those who see it augmenting the work staff do.

AI strategy and hiring strategy seem increasingly intertwined. MSPs that report more effective AI adoption are likelier to say AI already has or will replace roles. Those freezing hiring are also more likely to report that AI has or will displace employees. However, MSPs planning to increase hiring in 2026 are also more likely to say AI has already reduced some full-time roles — suggesting that AI may not impact total headcount as much as it shifts the types of roles needed.

The AI divide doesn't end there. MSPs with the highest utilization rates (76–99%) are more likely to either say that AI replacing employees is unlikely or that it already has — suggesting AI can be used to optimize workloads or reduce certain roles, depending on the MSP's approach.



### Belief AI Will Replace Full-Time Roles



- Yes — it already has
- Yes — it will in the future
- Possibly — specific roles may be partially replaced
- Unlikely — AI will augment work, not replace employees
- No — AI will not replace employees



*“The question is: ‘How do we get in front of the customer to have conversations around AI and automation?’ That’s the green field opportunity for most MSPs. But it’s going to take a lot of training, upskilling, and will require new roles that don’t exist yet. One of our MSPs just hired two full-time AI roles that never existed before. Will it replace some manual, data-entry roles? Yes. But it’s also creating opportunities and new roles.”*



**Martin DesRosiers,**  
Regional CEO  
Lyra Technology Group

“

***“AI won’t cause humans to be totally displaced. Instead, AI will handle the heavy lifting — those repeatable processes and manual workflows — while humans supervise and focus on higher-value work. Top MSPs will use AI to make techs more efficient, so they can spend more time with clients, rather than immediately replacing employees.”***



**Kathryn Rose,**  
Founder  
channelwise

“

***“If MSPs are already using AI internally, they should formalize it into a process and offer it to clients. This shouldn’t be given away for free — it’s expert-level assistance. MSPs that don’t yet offer AI readiness or AI integration services are missing a major opportunity. This space is growing fast, and if you’re not offering it, your competitors will.”***



**Nett Lynch,**  
CISO  
Kraft & Kennedy Inc.

## What Top Performers Do Differently

### *Bigger Tech Stacks, Targeted AI Use Cases*

As noted earlier in this chapter, high performers tend to have more apps in their tech stack. Despite significant investment in their tech stacks, they aren’t necessarily bullish on adopting AI indiscriminately across their operations: they’re less likely to have formal AI roadmaps, less likely to believe AI will replace employees, and more likely to use AI for internal operations, like workflow automation or sales and marketing enablement.

Even with their measured approach to AI, they tend to see more positive results than average, from employee time savings to faster client response and resolution times. Overall, this suggests that successful MSPs embed AI into their tech stacks to boost internal productivity — and let humans stay focused on higher value tasks.

# Chapter 4

## Customer Success + Services

### Customer Success Maturity and Compliance Offerings Give MSPs a Competitive Edge

MSPs that embed more Customer Success practices and compliance-related services into their operations outperform their peers. But client churn, service delivery, and QBR preparation can still prove challenging — even among some top performers.

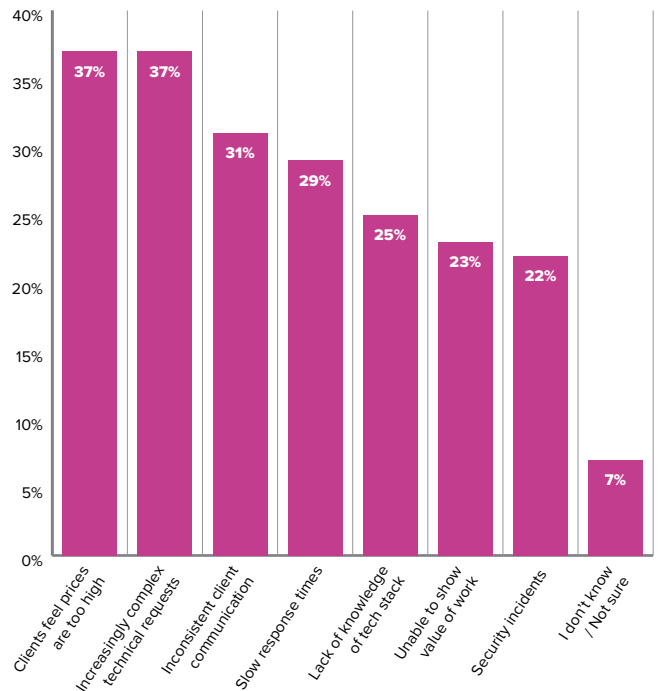


## Better CSAT Scores Linked to Higher Revenue — Unless Price and Complexity Get in the Way

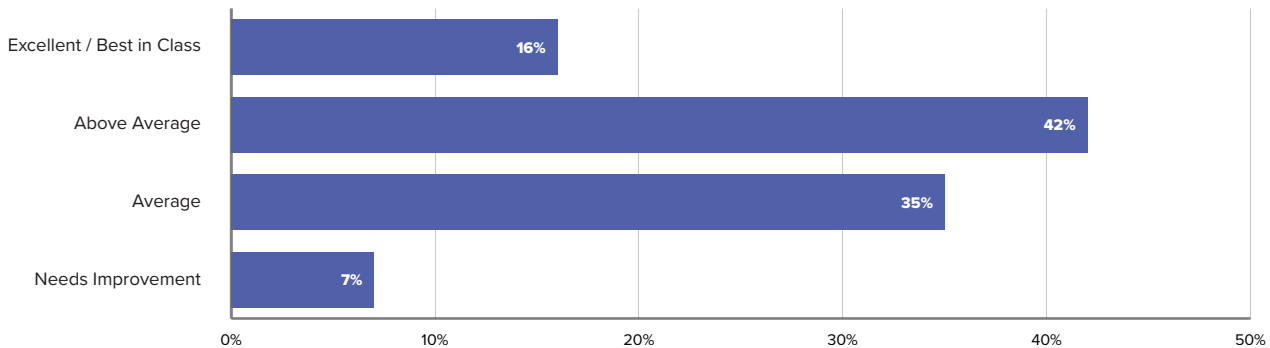
MSPs with the highest CSAT scores are more likely to be top revenue earners, with higher recurring revenue, ARPU (\$300+), and projected growth rates. What's driving their high CSAT scores? A combination of strong QBRs, effective AI adoption, and the ability to show clients value. MSPs with above-average CSAT are also more likely to see compliance as "Extremely important" — suggesting a focus on compliance advisement may help boost customer satisfaction.

When asked what's preventing them from earning higher CSAT, MSPs cited client price sensitivity, increasingly complex technical requests, and inconsistent communication or slow response times — signaling that when complex, higher-value services aren't delivered and communicated about in a timely or transparent way, customers will become dissatisfied with the costs.

CSAT Scores Improvement Challenges



CSAT Scores

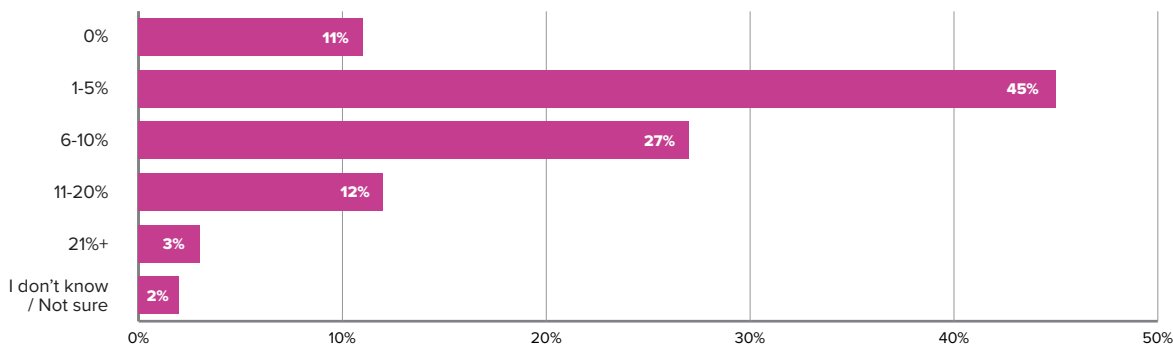


## Strategic Customer Success Can Reduce Churn — But CSAT Alone Can't Predict Retention

MSPs with lower churn are more likely to invest in formal Customer Success motions, including account management, strategic support or vCIO services, and structured onboarding. They're also more likely to provide longer-term roadmaps (1–2+ years), run effective monthly or quarterly QBRs, share more data with clients, and confidently showcase business value to clients.

On the other hand, MSPs with higher churn rates are more likely to have lower CSAT scores and cite more challenges to improving their scores, including gaps in tech stack knowledge, security incidents, and slow response times. They're also more likely to say that their top QBR and reporting challenges are "Ensuring data accuracy and relevance" and "Aligning QBRs to business goals." Unsurprisingly, they are also more likely to identify account management as one of the most inefficient areas of their business.

### Client Churn Percentage



### Why CSAT Isn't (Always) the Best Predictor of Churn

Interestingly, MSPs with best-in-class CSAT scores are more likely to report either almost no client churn — or to have higher churn than average.

MSPs with high CSAT and high churn appear to be doing everything right: they often have formal CS programs and high rates of executive attendance at QBRs. Some of this may be "good churn," where the MSP is proactively "firing" bad-fit customers. If not, MSPs may want to revisit their sales process and executive engagement strategies to ensure a good fit and C-suite alignment.

It's worth noting that since CSAT is a point-in-time score based on interactions across a client's users, it's not the most reliable predictor of churn, as buying decisions are often made by senior stakeholders who aren't responding to automated ticket surveys.

“

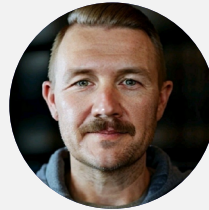
***“Most MSPs are limited in their ability to get net-new revenue, so they cling to existing accounts whether they’re profitable or not. But not all churn is negative. If you have a healthy pipeline, the primary optimization metric for internal performance is not lowering internal costs, but identifying and eliminating customers who aren’t profitable for you. Positive churn is a privilege.”***



**Ryan Morris,**  
Chief GTM Analyst  
Morris Management Partners

“

***“Do you want to be a commodity — or do you want to be indispensable? As technology becomes more commoditized through AI over the next decade, we’re getting to an inflection point where MSPs will find themselves at a disadvantage if they’re not leading the business planning and strategic conversations with clients. You must become the strategic advisor helping clients decide what to cut or keep — and vCIO/vCISO puts you in the driver’s seat for those discussions.”***



**Jesse Miller,**  
Founder & Creator of the PowerGRYD  
vCISO System  
PowerPSA Consulting

## The Churn Reduction Checklist

High client churn is the top growth challenge for 26% of MSPs. Here are some ideas for improving client retention.

### Show the Value of Your Services

- Tie every service to a business outcome
- Report consistently on metrics mapped to strategic goals
- Explain the costs of not acting

### Improve Response Times

- Set and publish clear SLAs
- Automate ticket updates
- Create smart triage rules
- Ensure staff utilization rates aren’t too high (indicating capacity issues)

### Overcome Technical Complexity and Security Challenges

- Standardize tech stacks to troubleshoot faster
- Share RCA reports to build trust after incidents
- Invest in training staff on new technology or standards
- Make complex technical requests projects so margins aren’t impacted

### Make Account Management and Communication More Consistent

- Set up playbooks and processes for AMs to proactively engage clients
- Schedule regular check-ins and QBRs (monthly is best)
- Track client health metrics so AMs can see churn risk
- Automate reporting for passive client engagement

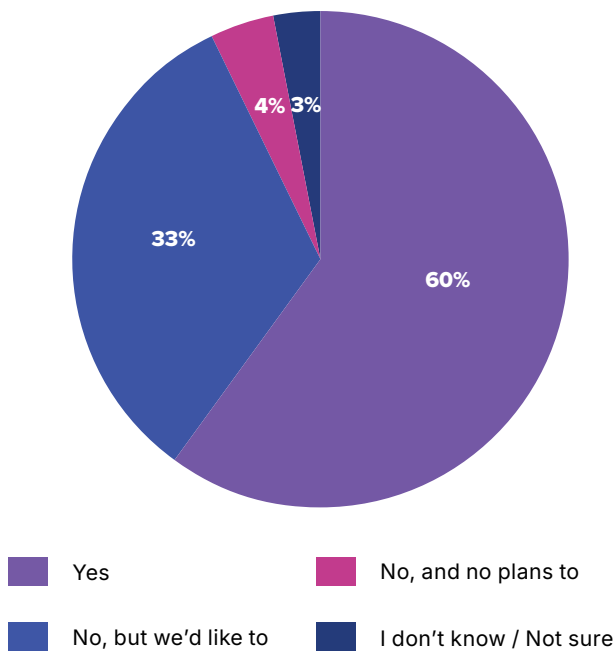
## Top Customer Success Programs are Consultative, Metrics-Driven, and Future-Focused

A full 60% of MSPs say they have formal Customer Success programs, which are designed to give clients proactive, long-term technology strategies to achieve their business goals (not just their immediate IT needs). Another 33% say they don't but would like to, leaving only 7% who are unsure or have no plans to build one.

The benefits of a Customer Success program are clear: those who embrace Customer Success are more likely to have above-average CSAT (which is tied to higher revenue) and show more growth signals (such as planning to hire in 2026 and rating compliance as "Extremely important"). Top performers and MSPs with higher CSAT are more likely to have a broader set of Customer Success initiatives in place.

When it comes to Customer Success program metrics, MSPs lean on renewals, CSAT, and referrals to determine if their programs are effective. It's worth noting that only 35% of MSPs reported tracking client churn as a key revenue metric (as discussed in Chapter 1). However, 55% say they track renewals as part of customer success-focused metrics — which are two sides of the same coin. Whether you track it in your PSA or your P&L, understanding client revenue growth or loss is important to maintaining predictable cash flow and gauging client satisfaction.

### Formal Customer Success Program



## Some MSPs May Miss the Mark on Customer Success Initiatives

### Early-Stage Engagement

In Chapter 2, lots of MSPs say they struggle with onboarding and selling. Only 36% of respondents have structured onboarding, and only 34% do annual assessments — both of which set clients up for success and sell-through.

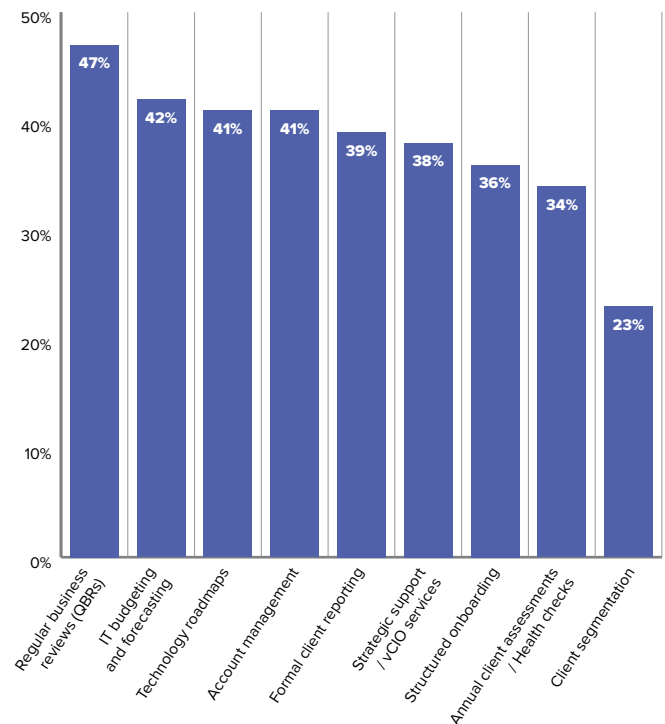
### Strategic Guidance

The heart of an effective CS program is offering a more consultative and strategic approach — but only 38% of MSPs offer vCIO services, even though MSPs that offer them tend to perform better.

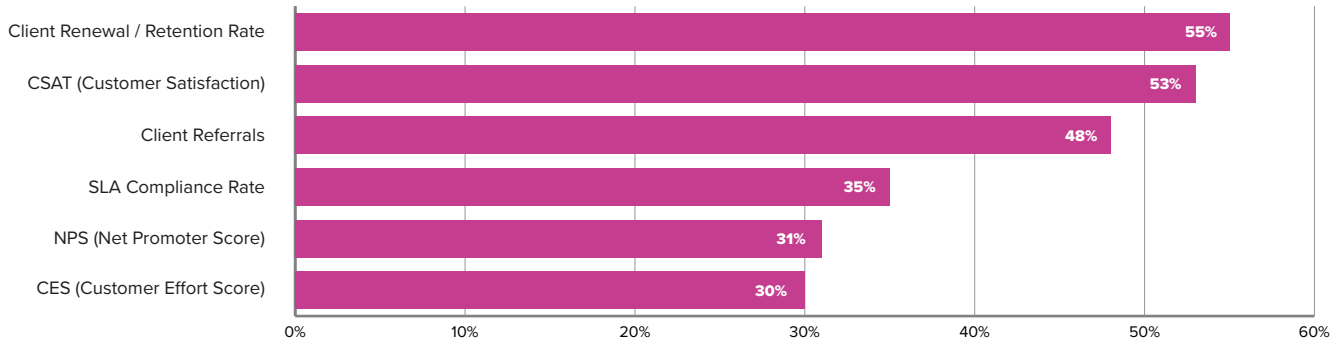
### MSP-Centric Metrics

Two of the three most commonly tracked metrics — client renewal rates and referrals — are more about the MSP's success than client success. NPS, SLA rate, and other customer outcome-focused scores sit lower on the list.

### Customer Success Initiatives



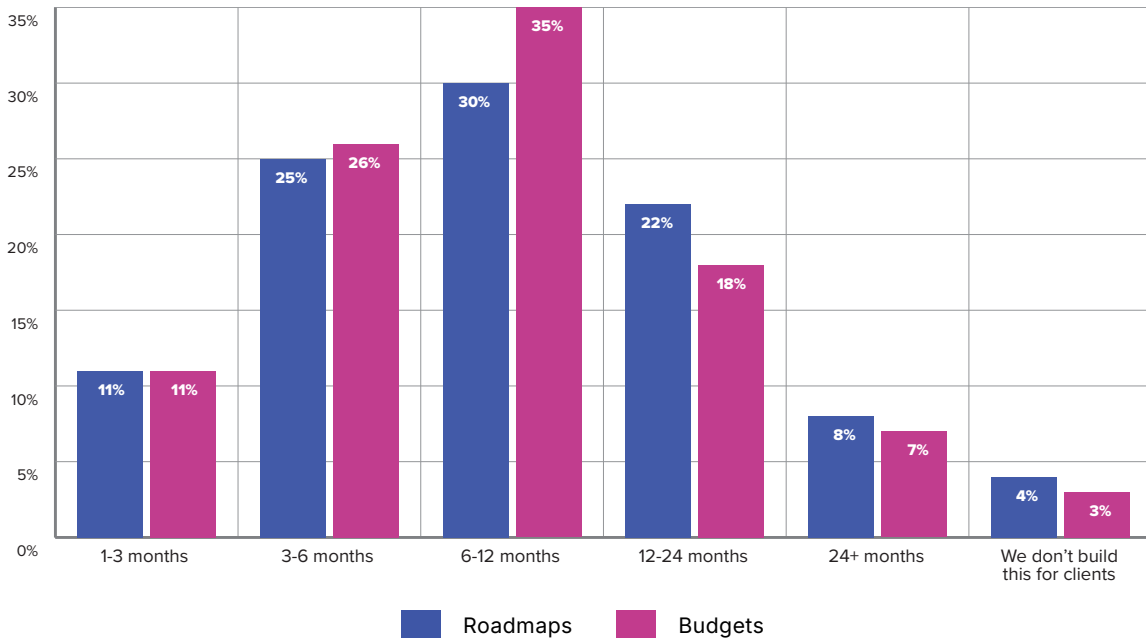
### Customer Success Metrics Tracked



## Longer-Term Planning Delivers More Value to Clients

How far out should you build clients' roadmaps and budgets for? While 3-12 months is the most popular range, high performers and those with higher CSAT scores create plans for 12-24+ months — showing that customers appreciate long-term planning.

### Client Roadmaps and Budgets Timeline



## High Performers Run More Frequent QBRs (Likely Supported by Automation)

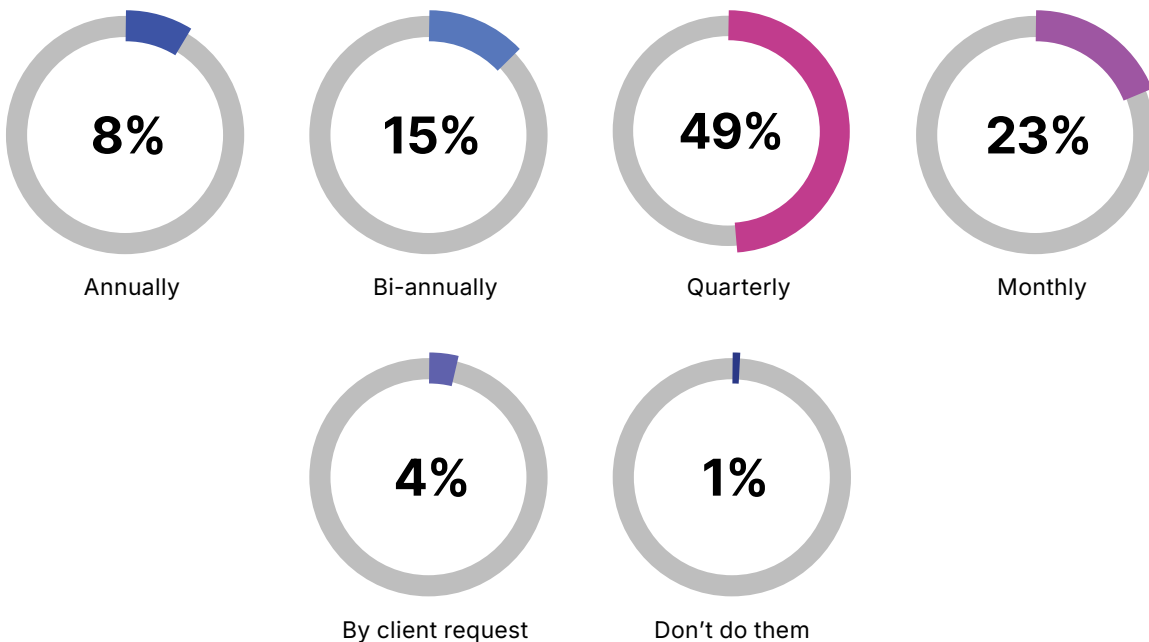
Technical Business Reviews — also called Quarterly Business Reviews (QBRs) — are commonly done on a quarterly basis. But MSPs with very effective QBRs and excellent CSAT are more likely to run monthly reviews. MSPs that plan to increase hiring in the year ahead are also more likely to run monthly reviews — suggesting frequent client touchpoints and visibility into upcoming projects may improve hiring predictability.

Most MSPs spend 3-5 hours preparing for each QBR. MSPs with best-in-class CSAT are more likely to be at both extremes of QBR prep time: either <1 hour (suggesting a highly automated process) or 10+ hours (suggesting a highly comprehensive report). However, data suggests there may be a point at which additional preparation time delivers diminishing returns: MSPs where churn is highest often spend more time on QBR prep, indicating that additional effort doesn't always translate into greater client impact.

The top QBR challenges include creating reports and visuals, ensuring data accuracy, and collecting and consolidating data. High-churn MSPs are more likely to struggle with data accuracy and relevance, whereas low-churn MSPs more often cite a lack of automation as their biggest challenge. This suggests that MSPs with more mature data foundations are better positioned to scale QBR delivery through automation (vs. those struggling with reporting issues).

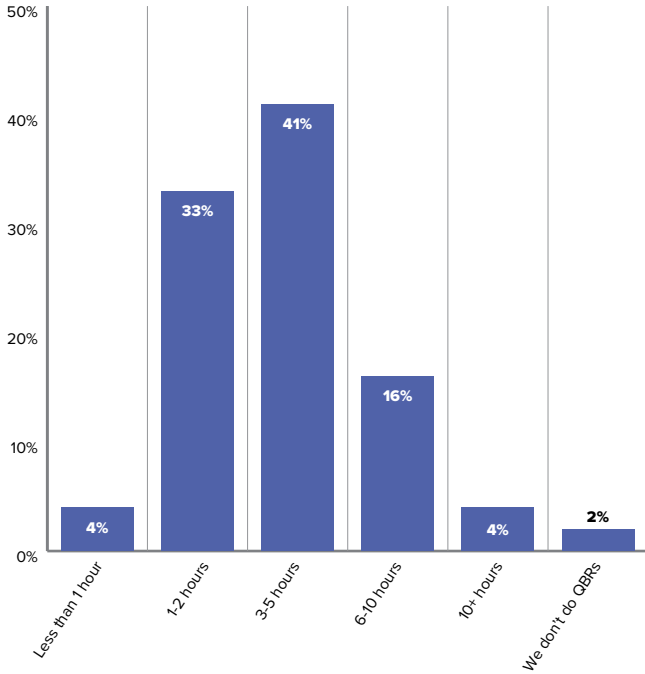


### QBR Frequency

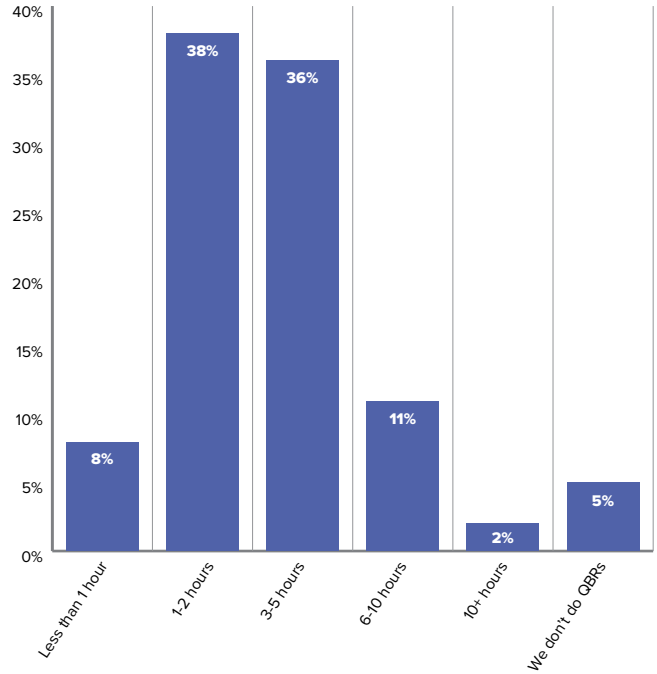


## QBR Prep Time

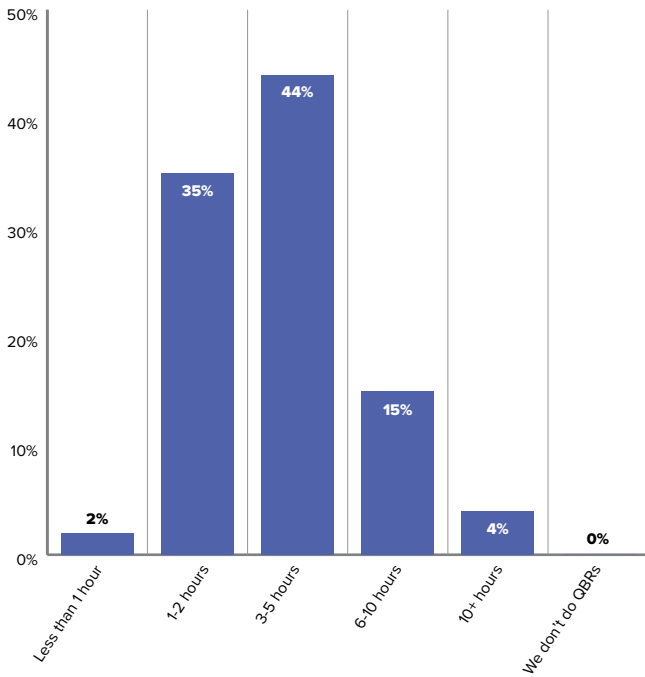
Baseline



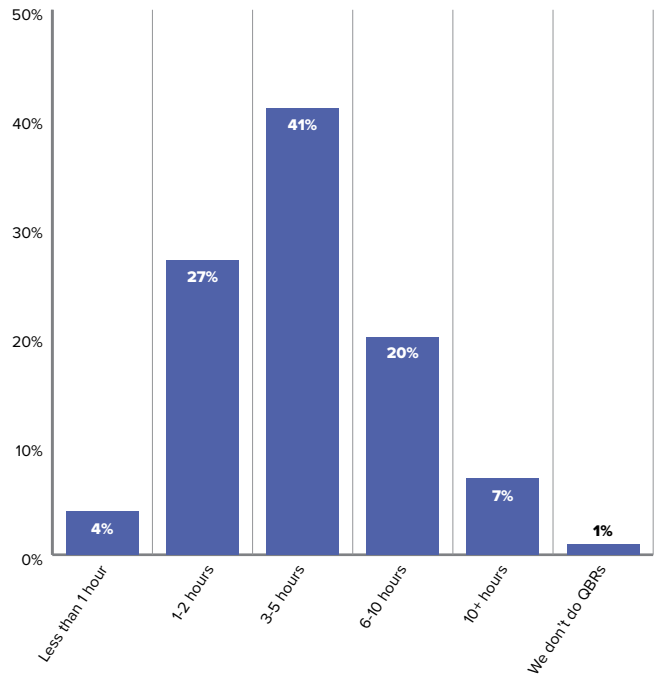
Small (1-10 employees)



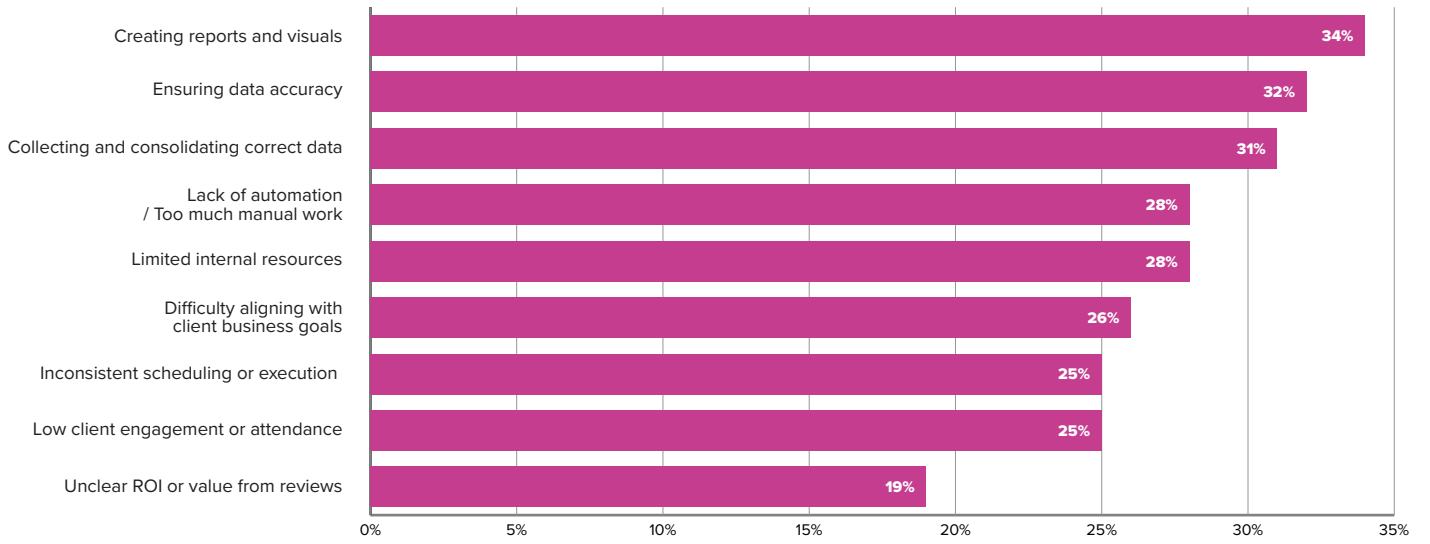
Medium (11-50 employees)



Large (50+ employees)



## Top QBR Challenges



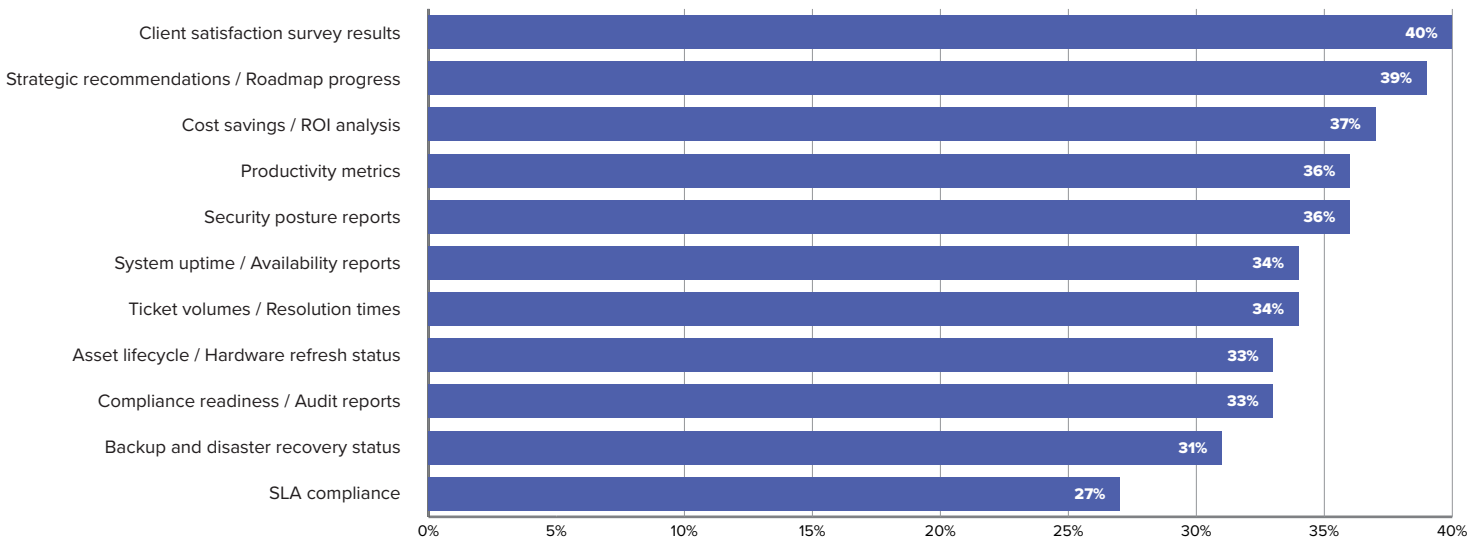
## Quality QBRs Involve The Right People, Plus Metrics That Demonstrate Clear Value

Well-executed QBRs pay dividends, as they're correlated with higher ARPU, higher CSAT, and increased hiring in 2026. Those with more effective QBRs tend to have more effective AI usage — suggesting intelligent automation can play a role in successful QBR execution.

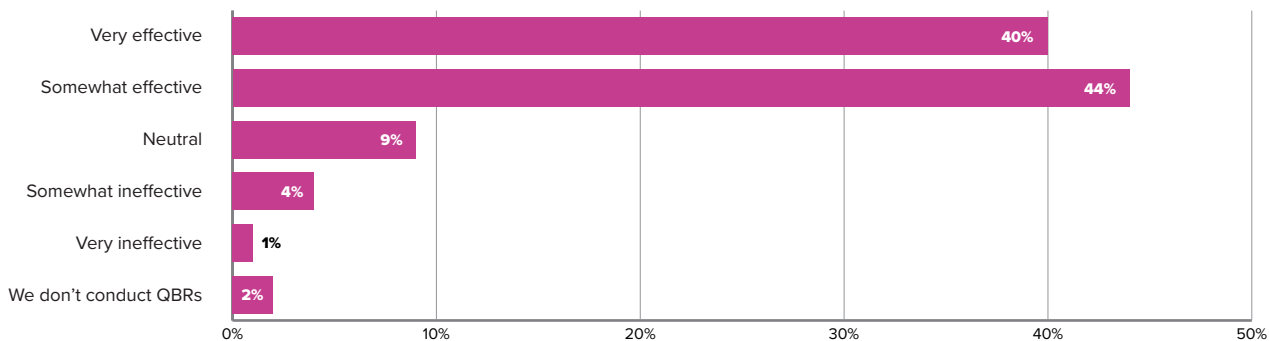
The most commonly used metrics in QBRs include CSAT survey results, strategic recommendations and roadmap progress, as well as ROI. Interestingly, those with higher QBR effectiveness are more likely to track response times, resolution times, productivity, and turnover. While big-picture storytelling is important in a QBR, clearly explaining how results were achieved can improve buy-in for recommendations or expose clients to the day-to-day tasks MSPs perform that support overall performance.

*Top revenue performers and MSPs with excellent CSAT are more likely to share a broader set of metrics with clients — suggesting that too much brevity in reporting may make clients feel like MSPs aren't putting in enough effort.*

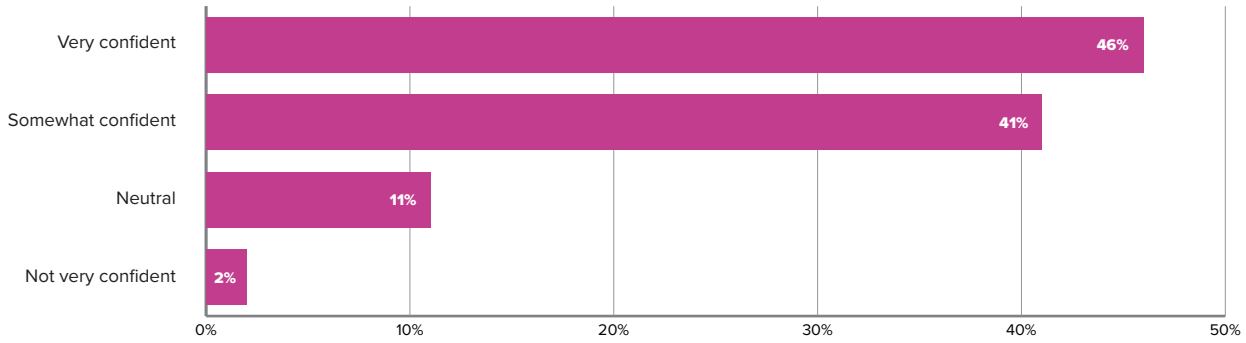
### Client-Facing Metrics Tracked



### QBR Effectiveness



### Confidence in Showing Clients Measurable Business Value

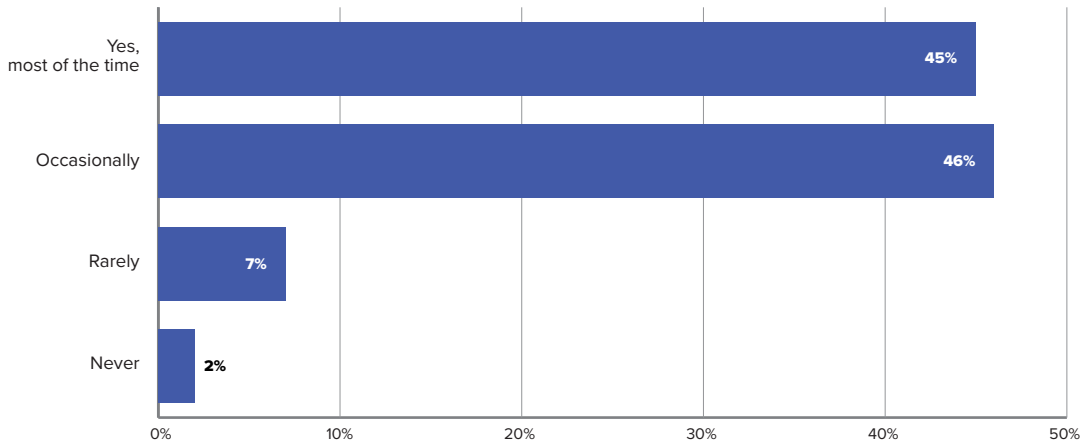


### Inviting Execs to QBRs: A Potential Double-Edged Sword

The most effective QBRs are more likely to include executives. Executive involvement is also higher at MSPs where compliance is considered “Extremely important” and MSPs with excellent CSAT.

However, some of the highest-churning MSPs actually meet with client executives more regularly — meaning if you aren’t providing tangible business value, you may be on the chopping block sooner.

#### QBR Executive Involvement



## Cybersecurity Emerges as a Standard MSP Offering, Rivaling Traditional Core Services

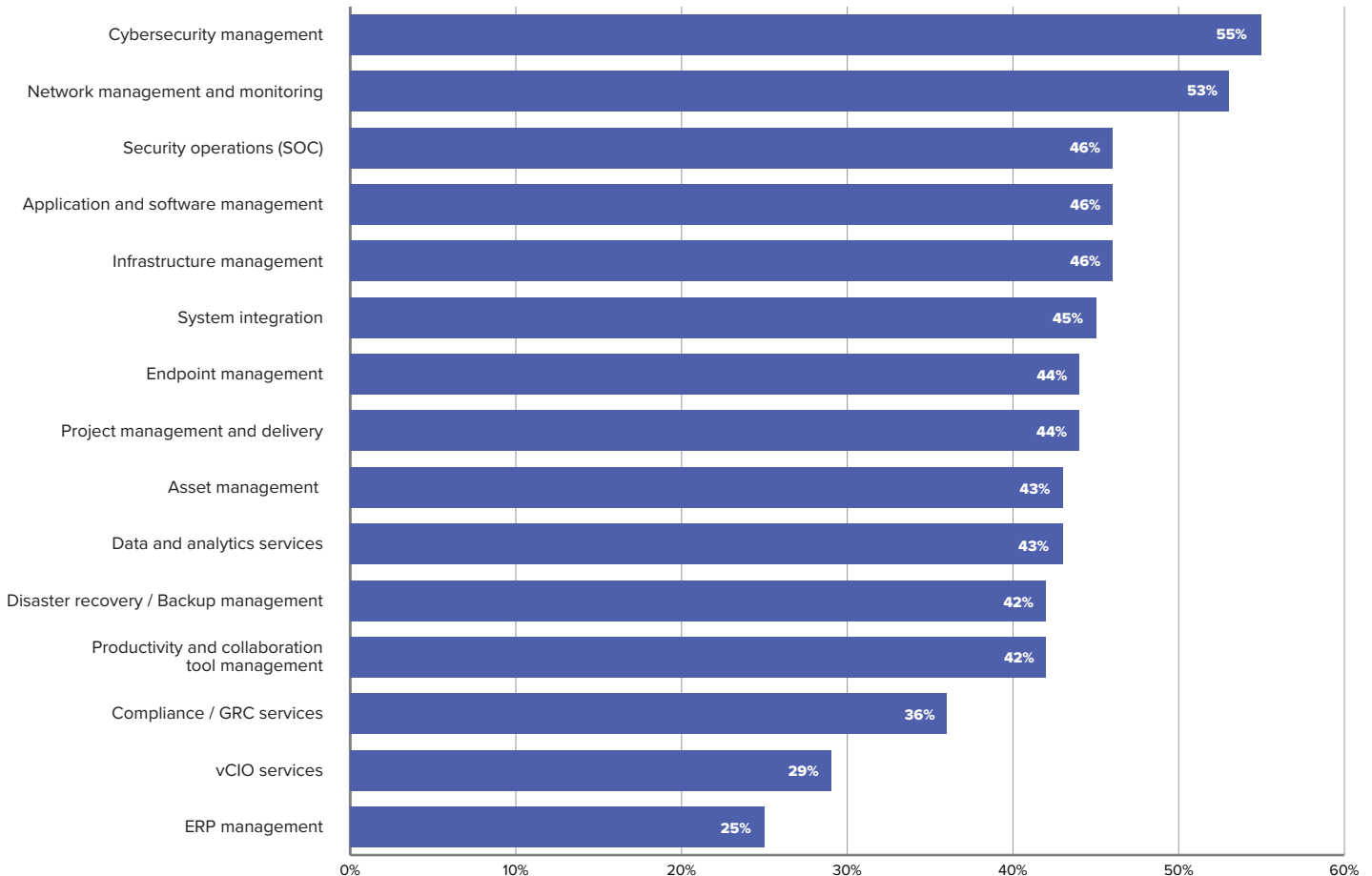
Security has emerged as one of the most popular service categories. Last year, cybersecurity management was the fourth most commonly offered service. This year, it occupies the top spot, with 55% of MSPs offering it. Core network management and monitoring services are close behind, with 53% offering them.

Compliance and GRC services also grew this year, with 36% adoption, compared to 24% last year. The growth of compliance services is notable, as we've seen it as a major driver of business value and revenue throughout this report.

This year also saw some higher-value, strategic services grow in popularity, including application and software management and data and analytics services — signalling that MSPs are better positioning themselves as true business advisors.



### Services Offered



“

*“Managed services is one of the few industries where providers get more input from their peers than from their buyers. I love that we have peer groups and that we spend so much time together. But MSPs often get their ideas from other MSPs instead of from their clients. Learn how to run your business from peers — learn what to sell from the people who pay the bills. Listen to your prospects and clients when deciding what to offer next.”*



**Megan Killion,**  
Founder & Chief Consultant  
Pisces Growth Consulting



“

*“I don’t believe every MSP has the skill set to deliver strategic advisory. Each MSP needs to decide what level of support makes the most sense. Do you need to hire for this role and build it internally? Or do you outsource it and hire a consultant? Have you established an advisory relationship with the client? Are you someone that they trust? That will determine the level of technical decisions clients will make with you.”*



**Matthew Bookspan,**  
Founder & President  
Blacktip

# Cybersecurity, Infrastructure, and Compliance Are Expected To Drive Service Growth in 2026

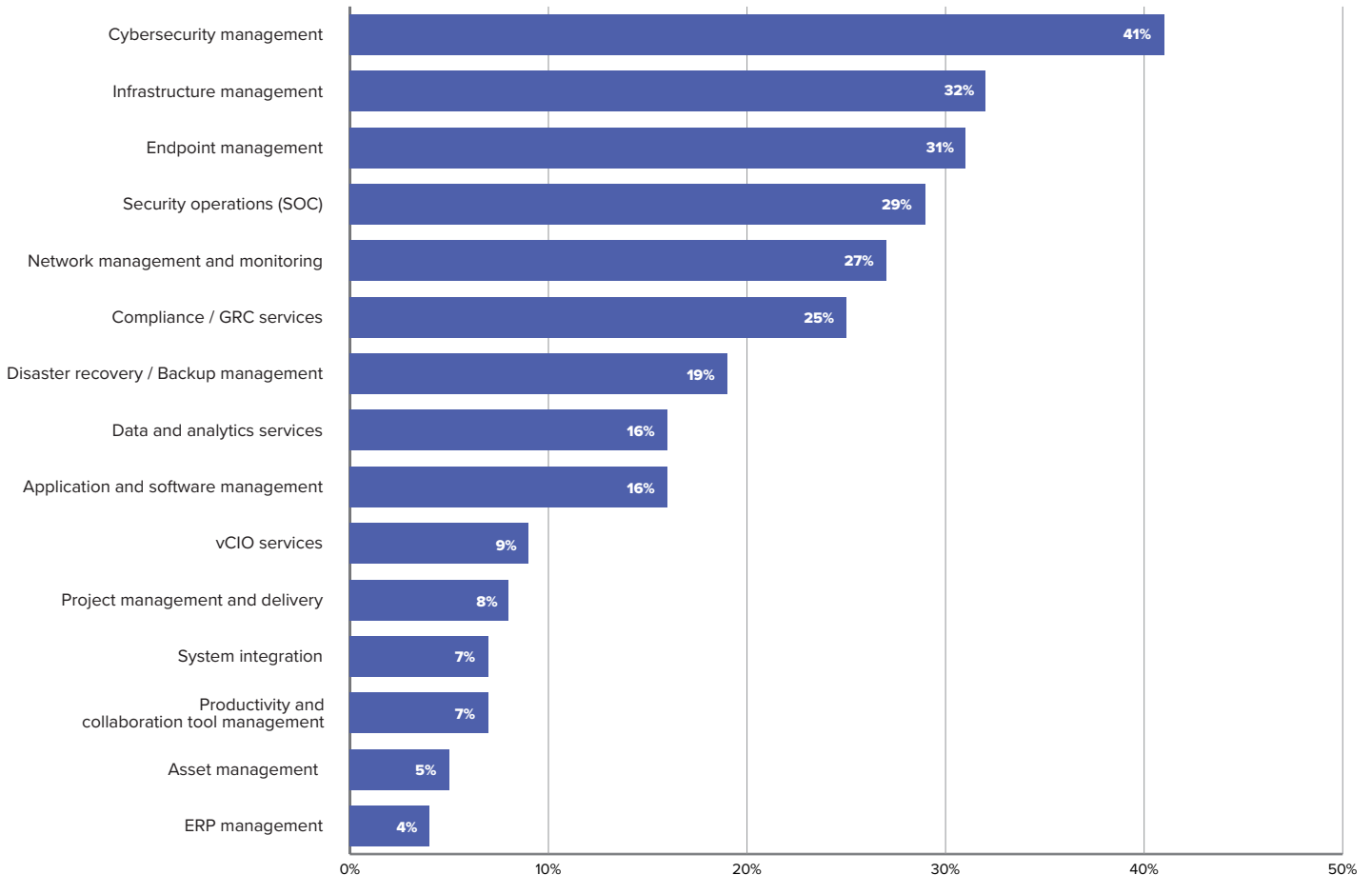
The services MSPs plan to grow in 2026 mirror the three areas where they already see demand and strategic value; 41% of MSPs plan to grow cybersecurity management, which aligns with talent priorities, as Security Specialists are among the top roles MSPs plan to hire; 32% of MSPs plan to grow infrastructure management; and a quarter of MSPs will grow compliance and GRC services.

Executives and client-facing employees differ in their ideas for growth in 2026. The C-suite is more likely to say they'll grow cybersecurity and vCIO services, while client-facing roles are more likely to report growth in core services, suggesting a strategic push from leadership to uplevel into strategic advisory and security, while frontline teams see continued pressure on core services.

**Top performers tend to offer a wider range of services, including some that are less commonly offered, like:**

- Disaster recovery and backup management
- vCIO services
- Productivity and collaboration tool management
- Compliance and GRC services

## Services MSPs Plan to Grow in 2026



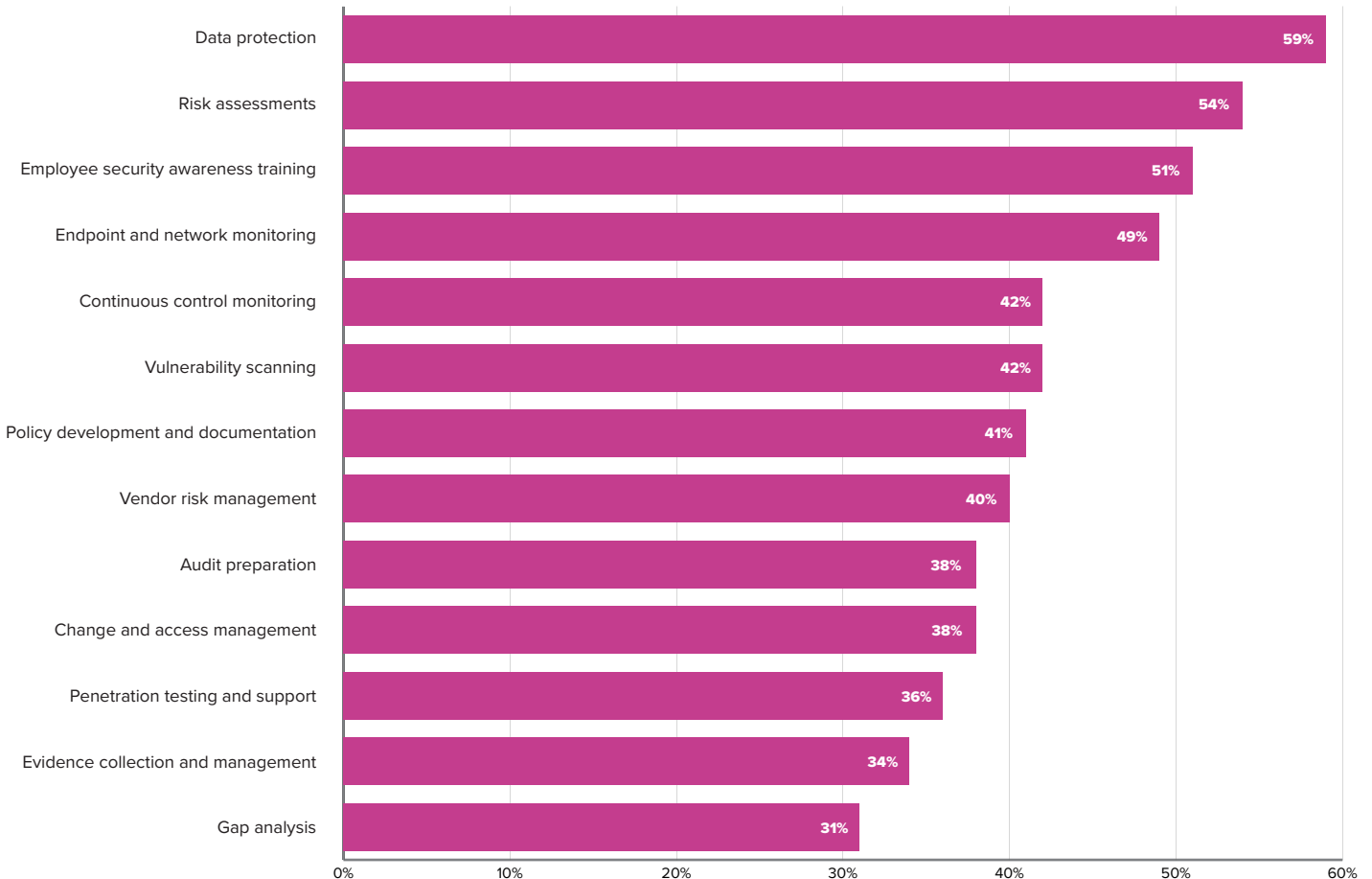
## Compliance Represents a Significant Revenue Opportunity, But Comes With Operational Complexity

As we highlighted earlier, MSPs that view compliance as “Extremely important” are more likely to project higher growth, report higher CSAT, and have higher confidence in delivering measurable business value. But while MSPs may see opportunity in compliance, many are held back from offering it due to entry barriers, including limited client demand, complexity, and labor costs.

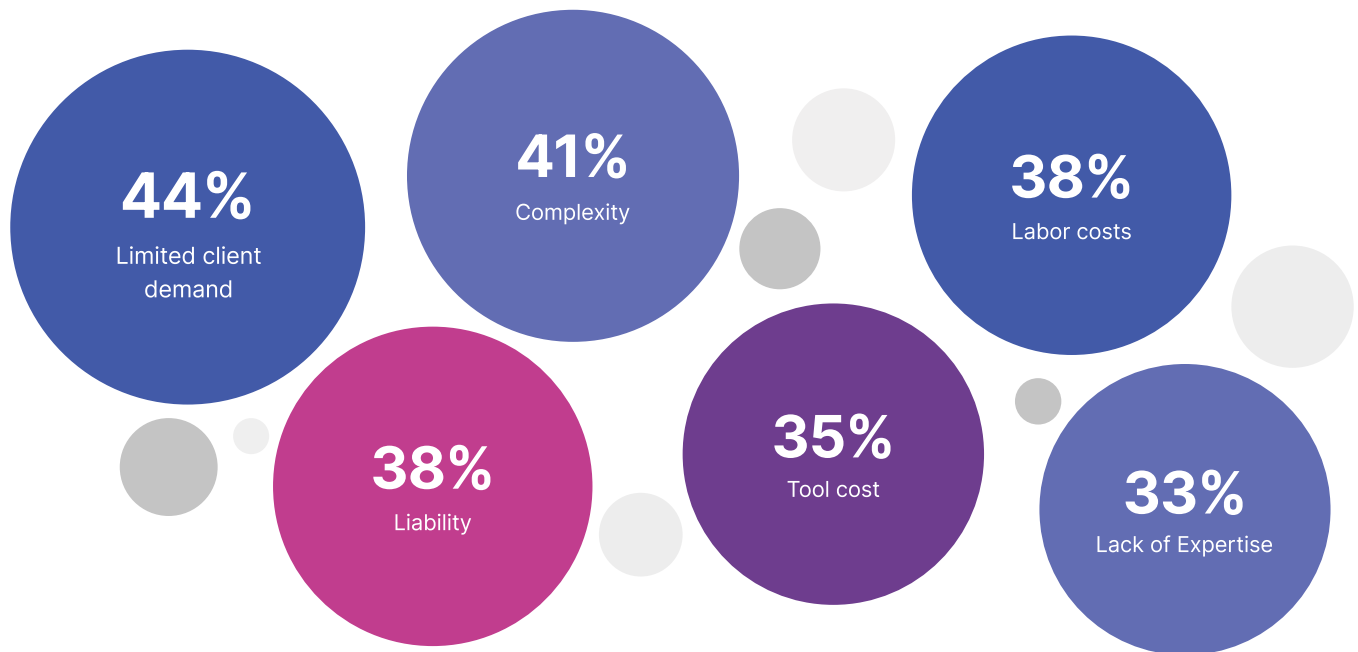
What should you offer if you’re able to expand into compliance? The top services include data protection (offered by 59% of MSPs who offer compliance services), risk assessments (offered by 54%), and employee security awareness training (offered by 51%).



### Compliance Services Offered



## Barriers to Compliance Offerings



## What Top Performers Do Differently

### *Escape The Commodity Trap With Customer Success*

Top financial performers tend to run Customer Success like a well-oiled machine, bringing structure to everything from onboarding to account management to IT budgeting to regular business reviews and strategic vCIO support. They also take the long view and are more likely to build out long-term roadmaps and budget forecasts (one to two years in advance).

They're also better at showcasing the value they create by tracking more internal customer service metrics (like resolution times, tickets, CSAT, NPS, etc.) and sharing more data points with clients — which explains why they are less likely to report that client objections to pricing prevent them from improving customer satisfaction.

## Chapter 5

### Growth Channels + Outlook

*Pricing and Competition Create Headwinds —  
But Growth Outlook is Generally Positive*

The majority of MSPs feel optimistic about their growth potential in 2026 — even as budgets tighten and competition increases. From sales staffing to AI hurdles, top-performing MSPs are choosing their growth bets carefully to win in a saturated market.



### Word of Mouth Continues to Drive Growth — But Not All Acquisition Channels Are Created Equal

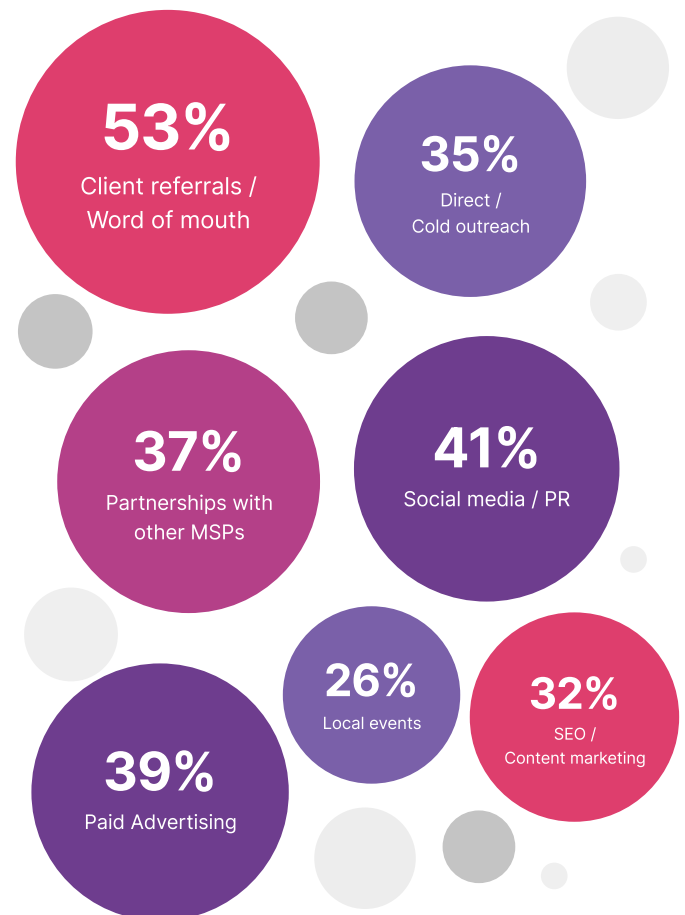
“Word of mouth” remains the most common client acquisition channel across MSPs of all sizes. Social media and PR, along with paid advertising, round out the top three channels driving new business.

However, some acquisition channels generate better leads than others: MSPs who are more likely to grow through referrals and word of mouth tend to have lower client churn rates, while those who rely on local events, SEO, and content marketing tend to have higher churn rates. While digital channels may deliver more leads at scale, they appear to be less effective at building long-term client relationships than opportunities sourced through a personal connection or 1:1 engagement.

#### Low CSAT May Increase Marketing Costs

Those with CSAT that “Needs improvement” are more likely to say that social media and PR are top marketing channels for them — meaning that negative word-of-mouth may require a more active investment in managing broad public perception.

### Most Successful Growth Channels

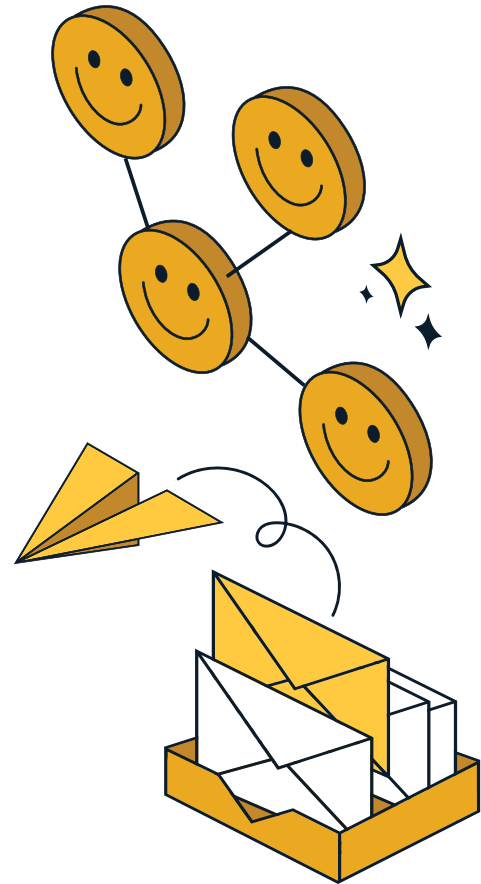


## MSPs Report Sales Capacity Gaps — But Marketing Could Help Bridge the Gap

Most MSPs employ someone they consider a dedicated sales staff member, with just 9% reporting none at all. Larger MSPs are likely to have 10+ salespeople, while smaller MSPs typically operate with 0–5.

Small and early-stage MSPs tend to feel the pinch of fewer salespeople: small MSPs are more likely to cite limited sales capacity as a top barrier to growth, while younger MSPs (those that have been in business for 3–5 years) are more likely to say that a lack of upsell and cross-sell is a top growth challenge (which is often a function of sales staff). These concerns about selling capacity and focus may explain why sales roles rank among the top positions MSPs plan to hire for in 2026.

Marketing investment decisions appear closely related to sales capacity. Smaller MSPs are more likely to rely on social media and PR as primary growth channels, using broad, organic reach to attract (rather than actively pursue) leads. On the other hand, Medium and large MSPs are more likely to cite cold outreach as a top growth channel — which is usually led by salespeople — and tend to invest in paid advertising to generate leads for the sales team to pursue. MSPs struggling with adding headcount should ensure their marketing investments complement their sales capacity.



“

***“Sales and marketing are two parts of the business where you know most touches won’t turn into wins. That makes MSP owners feel like they’re bad at it, so they lean into the one thing where they win more than they lose — referrals. It feels easier, but it’s not scalable.”***



**Megan Killion,**  
Founder & Chief Consultant  
Pisces Growth Consulting

“

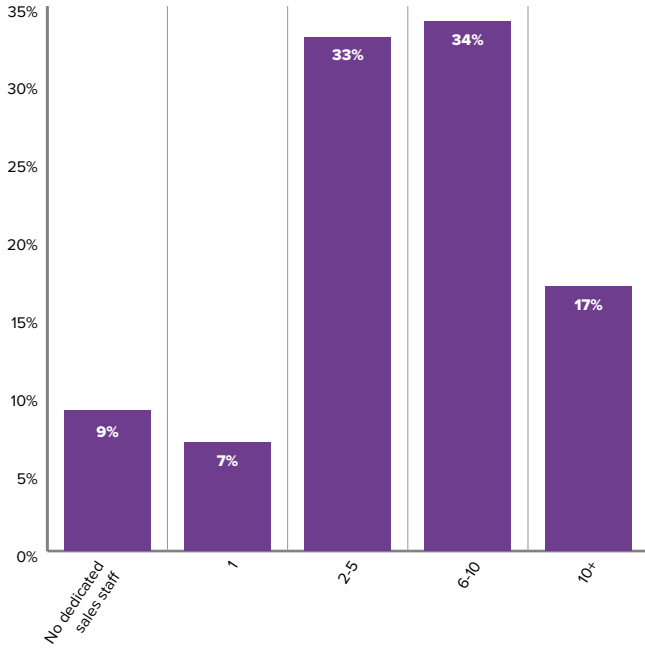
***“A lot of sales-focused MSP owners don’t see marketing as a revenue driver. They look at it as a revenue taker, so they don’t invest in it. But when you’re looking at long-term expansion and keeping the clients you already have, that’s where marketing comes into play. It starts the pipeline motion and accelerates things down the road.”***



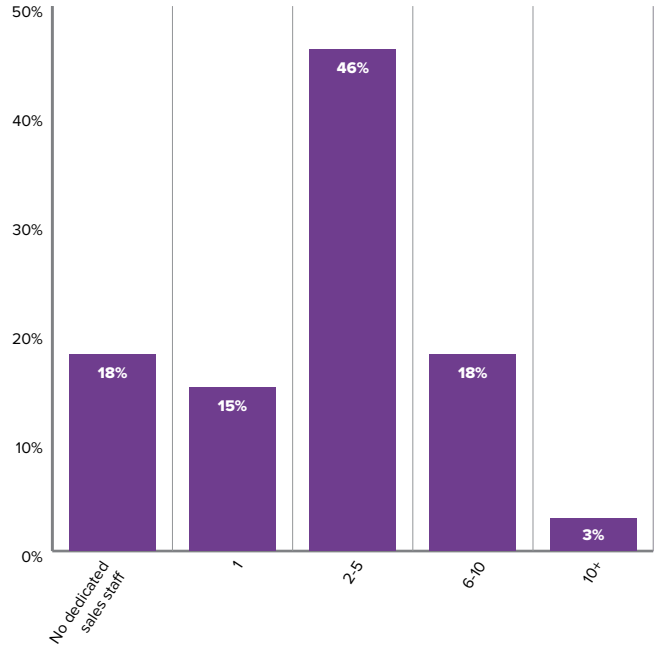
**Kathryn Rose,**  
Founder  
channelwise

## Number of Sales Staff

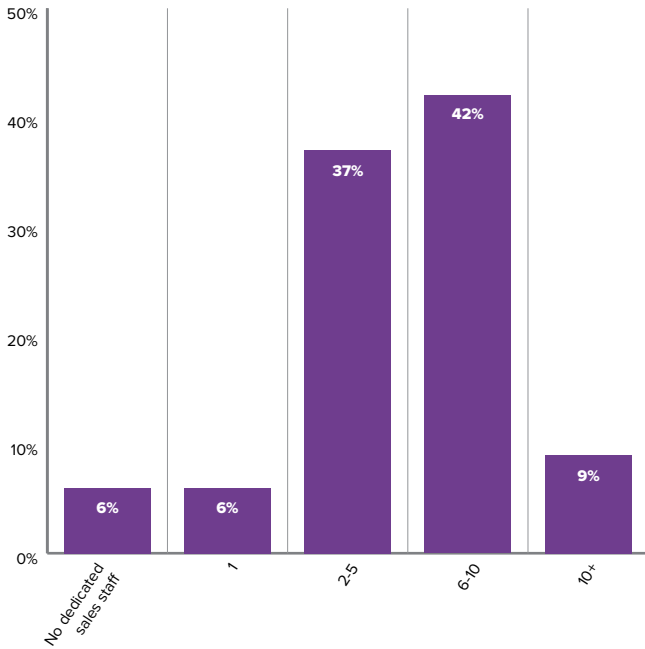
Baseline



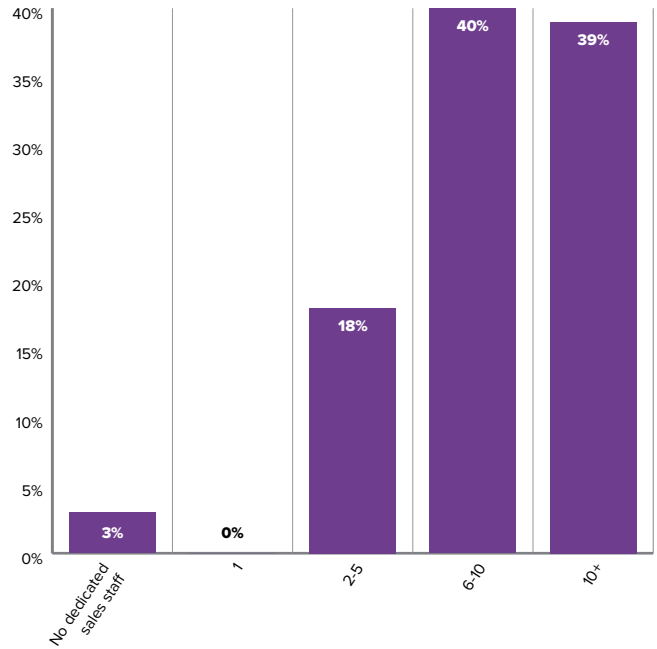
Small (1-10 employees)



Medium (11-50 employees)



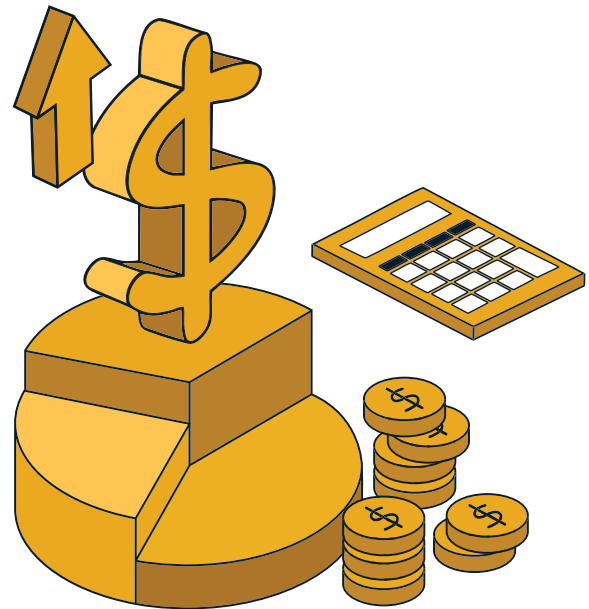
Large (50+ employees)



## Shrinking Budgets, Rising Costs, and Growing Competition Considered Top Growth Hurdles

MSPs predict their biggest hurdles to acquiring new customers in 2026 will be shrinking client budgets, being underpriced by competitors, and too much competition. While MSPs often view commoditization and market saturation as their biggest sales hurdles, these challenges can often be tied to unclear ideal customer profiles or points of differentiation. Without specific targeting and value propositions, charging premium prices and winning new clients becomes more difficult — *no matter what market conditions are.*

Overall, MSPs say their biggest growth concerns are reduced client budgets due to economic uncertainty, keeping pace with AI, and rising labor costs. While investing in new technology or headcount may be seen as risky investments in a volatile market, many of the top-performing MSPs are effectively adopting AI and hiring new technical or sales roles in 2026 — suggesting that confidence in long-term growth (and not short-term conditions) should guide MSPs' investment decisions.

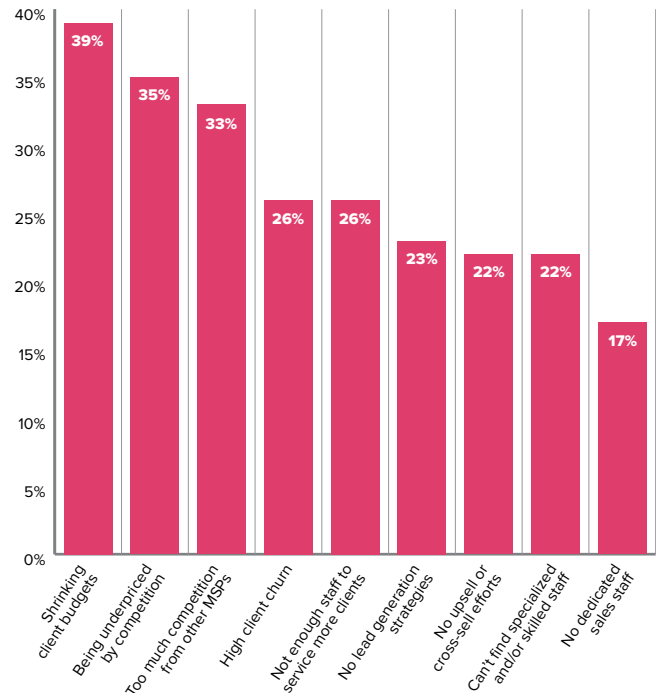


***“Not all clients are created equal. Some barely turn a profit, some overwhelm your team, and some make your people want to quit. Growing the wrong clients just compounds the problem. The most effective MSPs clearly define what a good client looks like — profitability, ticket volume, relationship quality, and value alignment. Then they find more clients that match that profile.”***

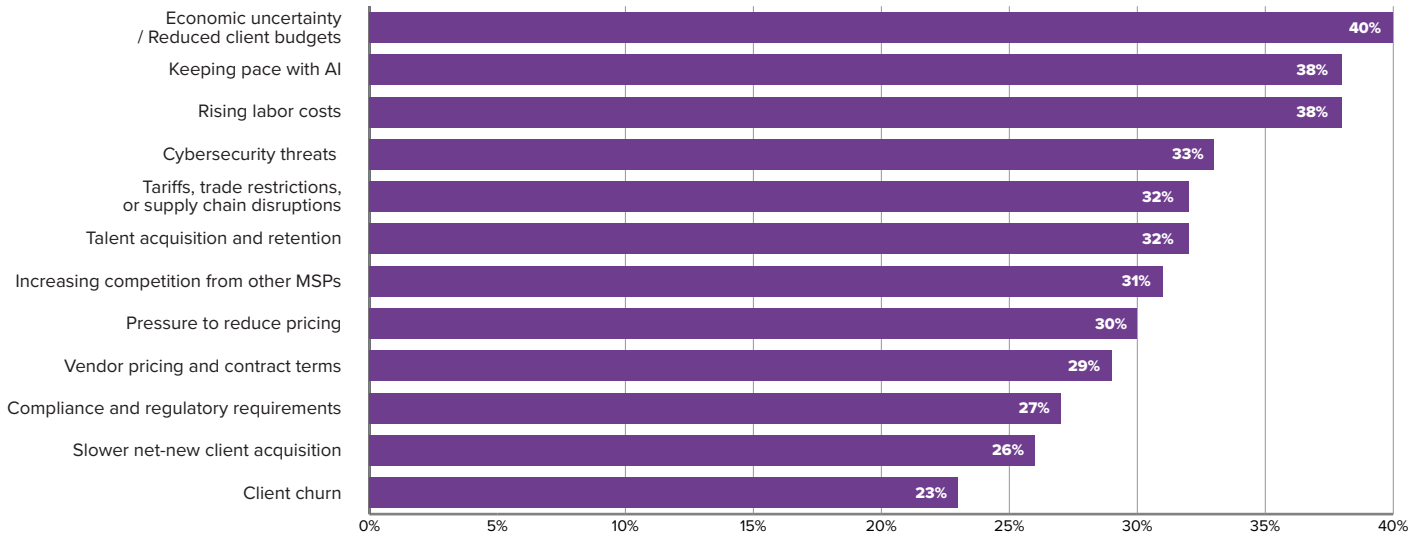


**Megan Killion,**  
 Founder & Chief Consultant  
 Pisces Growth Consulting

### Top Client Acquisition or Expansion Challenges for 2026



## Top Overall Growth Challenges for 2026



***“When it comes to being underpriced by competitors or dealing with shrinking client budgets, I say good riddance. If a prospect chooses a cheaper competitor even though you bring more value, that’s a misalignment. You don’t want clients who make decisions based purely on price. If a client doesn’t have the budget to follow your recommendations, they’re not a good fit either — you dodged a bullet.”***



**Nett Lynch,**  
CISO  
Kraft & Kennedy Inc.



***“I don’t believe there are any recession-proof industries. But I do believe that MSPs are a recession-resistant industry. If you’re doing great work and providing a great service, there’s lots of opportunity. But if the economy does go sideways, I think we’ll see a lot of this industry shrink. The bad MSPs are going to roll away, and the good ones are going to pick up all that work.”***



**Matthew Bookspan,**  
Founder & President  
Blacktip

# MSPs To Prioritize Efficiency, Customer Experience, and Strategic Consulting in 2026

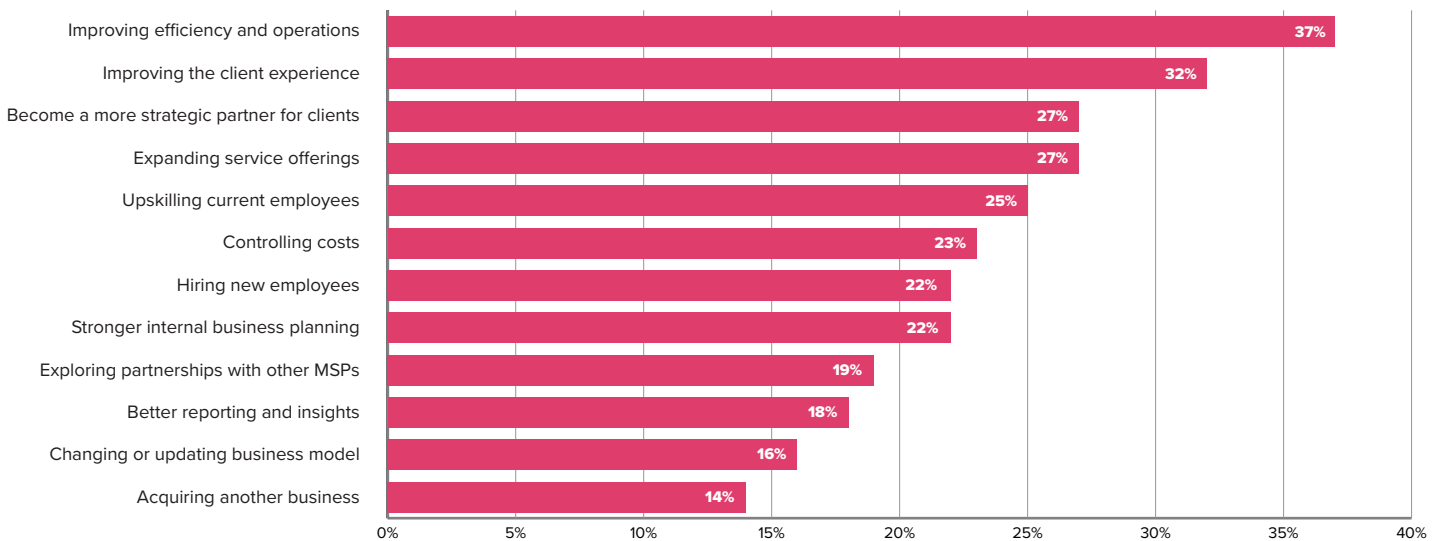
MSPs' top priorities for 2026 are improving operational efficiency, enhancing the client experience, becoming strategic partners to customers, and expanding their service offerings. Given that Customer Success practices and vCIO offerings are linked to better performance, focusing on the client experience and strategic partnerships are solid investments for the year ahead. While introducing new offerings was a top-reported growth driver (Chapter 1), MSPs may want to first consider how stronger internal operations can support their ambitions to scale service delivery.

Priorities do vary by size. Small MSPs are more likely to focus on updating their business model, while mid-sized MSPs tend to prioritize expanding service offerings.

Across the board, staffing remains a key focus area: about a quarter say both upskilling employees and finding specialized talent to support new services are priorities for 2026 (MSPs with higher utilization rates are especially likely to cite these as key goals). Since 26% of MSPs say they lack enough staff to take on additional clients, MSPs must explore ways to manage workloads and headcount in the face of rising labor costs and competition. Given that many MSPs see AI taking over roles (or parts of roles) as noted in Chapter 2, MSPs would be wise to explore where intelligent automation can supplement capacity or knowledge gaps.



## Top Priorities for 2026

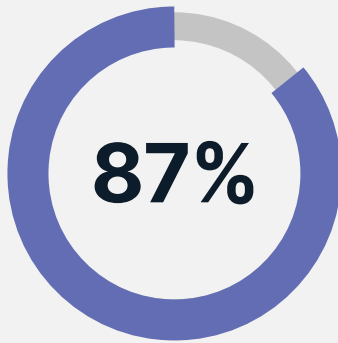


## Future Industry Outlook Is Mostly Optimistic, Despite Key Challenges

When asked about their general sentiment towards the future of the MSP industry and its growth prospects, 87% are either “Very” or “Somewhat” optimistic — suggesting that despite the challenges, MSPs still see strong opportunities for growth.

However, certain groups feel less positive. Lower-level, customer-facing employees are more likely to be only “Somewhat optimistic.” Small MSPs are also more likely to feel neutral, indicating they may be experiencing competitive and economic pressure more acutely than others.

Several groups tend to have a more positive outlook: those with high customer satisfaction, a focus on compliance offerings, and effective AI adoption are more likely to be highly optimistic — indicating that strong customer relationships, the right service mix, and adapting to new technology can instill MSPs with a sense of confidence in their future.



***Are “Very” or “Somewhat” optimistic about the channel’s future growth potential.***

## From Startup to Scaleup: Key Focus Areas by MSP Age

Where should your MSP focus as your organization matures? Here's a guide to understanding key organizational challenges at each stage and which areas to focus on as your business evolves.

	New MSPs (0-5 Years)	Scaling MSPs (6-15 Years)	Mature MSPs (15+ Years)
Growth Channels	<p>Younger MSPs are more likely to use a range of digital marketing channels to grow instead of relying on sales, since many don't have a dedicated team. They haven't yet built a strong base of recurring revenue, which can jeopardize growth without a concerted effort to make income more consistent.</p>	<p>Scaling MSPs tend to use paid marketing channels, like ads, to drive their growth. They're also not afraid to leverage partnerships to fill gaps in service offerings as they grow. As a result, they often see good rates of increasing year-over-year revenue, which can help fuel future expansion.</p>	<p>Older MSPs have more sales staff to drive growth and use in-person connections (referrals, word-of-mouth, and events) to build a solid base of recurring revenue clients. They still feel challenges with sales and marketing, so optimizing their spend and resources better could drive efficiency.</p>
Staff	<p>While new MSPs tend to have better utilization rates, they may struggle to keep staff because of constraints around labor costs. They are more likely to focus on hiring sales and security specialists in the coming year – but full-time sales roles may be premature.</p>	<p>Scaling MSPs tend to have good staff utilization rates, but they can lack leadership in key roles in the C-Suite (like Finance, Marketing, and HR). They may find increasingly complex technical requests killing productivity if staff aren't well-trained.</p>	<p>Mature MSPs tend to have higher utilization rates — and should keep an eye on potential staff burnout. They're more likely to plan to hire salespeople and security specialists to fill in gaps, but may want to explore operational efficiency measures in tandem.</p>
Customer Success	<p>Younger MSPs tend to do well when it comes to driving client retention, but they may struggle with low CSAT scores as they work out kinks in their process. They also tend to struggle with upselling or cross-selling their clients, which may limit their customers' success <i>and</i> their bottom line.</p>	<p>Scaling MSPs tend to focus on formalizing account management to keep the client experience more consistent. They also tend to have more mature processes for client reporting, budgets / roadmaps, and QBRs — but can struggle with churn as they figure out their niche.</p>	<p>They usually have formalized account management, QBRs, and long-term budgets / roadmaps for clients, and often have high CSAT. But they can also have high client churn rates, and they often cite budgets as an issue — suggesting they must balance their own growth goals with client affordability.</p>

	New MSPs (0-5 Years)	Scaling MSPs (6-15 Years)	Mature MSPs (15+ Years)
Service Approach	New MSPs are more likely to lean into a consultative service approach with clients — but they can still struggle with slow response times as they establish their processes. To scale their business, they must balance service delivery speed with client advisory.	Monitoring and maintenance tend to be their “bread and butter” services. While they’re often expanding their services, they can struggle with compliance, security, and data breaches — which are important to manage to earn client trust.	Mature MSPs sell a more diverse range of services, including more diverse compliance offerings. They want to be a strategic partner to clients, but often have efficiency issues when it comes to scaling compliance and GRC across their client base.
Operations	New MSPs lack robust metrics tracking — making decisions on instinct versus data. They can struggle with knowledge of their clients’ tech stacks. Consistent reporting, documentation, and staff training protocols should be prioritized.	Scaling MSPs are more likely to rely on AI to streamline operations and automate complex tasks so they can scale. However, overreliance may cause them to miss the big picture, since top performers tend to use AI more selectively.	Mature MSPs often have financial and operational metric tracking locked in — but they can struggle with integrations and lagging AI adoption. Operationalizing their tech stacks and standardizing AI usage could improve efficiency.

## What Top Performers Do Differently

### *Fuelling Expansion and Net-New Acquisition With Strategic Advisory*

Top performers are more likely to say their biggest concerns for 2026 are economic uncertainty and reduced client budgets. In response to this, they’re embracing a two-pronged strategy, being more likely to focus on both net-new client acquisition and expanding existing customer accounts to drive growth. Their top channels to land new clients are traditional cold outreach, word-of-mouth, and client referrals.

They’re also more likely to say they want to expand vCIO services and become a true strategic partner in 2026, proving that client advisory services can offer far more growth potential than simply introducing new service offerings alone can.

## Summary:

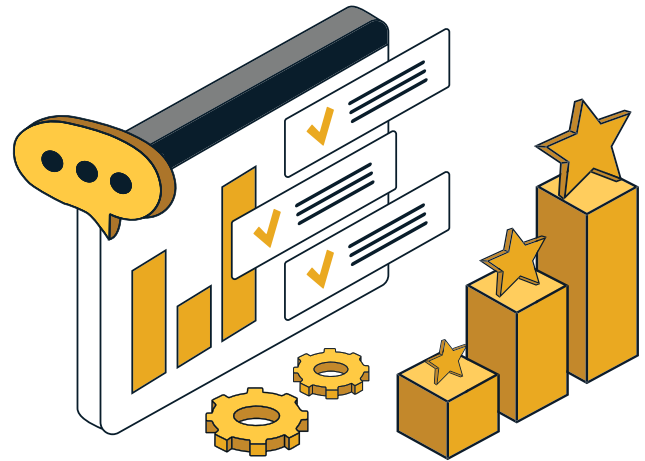
# Set Your MSP Up for Success in 2026



## Practical Next-Steps for MSPs With a Growth Mindset

2026 marks a pivotal moment for MSPs as the industry navigates rapid technological change, economic pressures, and new opportunities for growth. As the traditional IT support model fades, MSPs are stepping into the role of strategic technology advisors — moving beyond “keeping the lights on” to actively driving business outcomes for their clients.

For MSPs that want to become more strategic partners this year, here are some next steps to consider based on this year’s report:



### 1. Benchmark your performance.

See how your MSP stacks up against your peers using the size toggle below key graphs. If you’re below average, review our ‘Top Performer’ profiles at the end of each chapter to identify best practices that could positively impact your MSP.

### 2. Ask employees for feedback.

We found significant differences in how customer-facing employees and executives view business operations and client relationships. Consider building feedback channels with staff to stay aligned — or share this report to start the conversation.

### 3. Compare your tech stack.

How do your software choices compare to the rest of the channel? And how far along are you on your AI adoption journey? Assess your tech stack and AI strategy by reviewing insights from Chapter 3 to streamline workflows and drive efficiency.

### 4. Redefine Customer Success.

Most MSPs say they have a Customer Success program — but many lack the maturity to make it a true differentiator. Read our [Customer Success Planning Guide](#) for methodologies and frameworks to drive client engagement, retention, and growth.

### 5. Expand your GRC offerings.

Compliance-related services are a potential goldmine for MSPs — but getting started can be overwhelming. Find out what it really takes to build your own vCISO service from scratch based on advice from leading experts in our [six-part webinar series](#).

### 6. Stay ahead of economic shifts.

Market volatility is a top pain point for MSPs in 2026. Learn how to better navigate shrinking client budgets, rising costs, and economic uncertainty from a panel of MSP experts in our recent [tariffs webinar and accompanying PDF checklist](#).

# Go from reactive service to strategic impact with ScalePad.

Grow your business with the unified platform for client monitoring, planning, and insights — built for MSPs by former MSP owners.

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