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SMBs are looking to outsource more services to MSPs in the face of economic uncertainty, new Kaseya report reveals

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By Allison Troutner

Kaseya's 2023 IT Operations Survey Report (<https://www.kaseya.com/press-release/kaseyas-2023-it-operations-report-reveals-economic-uncertainty-driving-business-for-msp/>) confirms that looming recession worries, the lack of a highly skilled IT workforce, and increasing threats of cybersecurity attacks are weighing heavy in the minds— and wallets— of SMBs worldwide.

There is good news. MSPs with a strong security positioning stand to gain from this new wave of economic uncertainty by serving as a steady and reliable source of cybersecurity expertise.



“Whenever there’s economic uncertainty, there’s absolutely a tendency to see outsourcing grow,” says MJ Shoer, Chief Community Officer at The Computing Technology Industry Association (CompTIA).

By understanding the key challenges SMBs face today, MSPs can help alleviate financial concerns in an uneasy economic climate without sacrificing security or productivity.

“The cost of IT staff has been continually increasing, and it’s easier for an MSP to spread the cost of highly skilled technicians across multiple customers, rather than SMBs bearing the burden by themselves.”

Jim Gast, President of SpliceNet Consulting, a cybersecurity and IT firm in Ohio

Business growth is the number one driver behind SMBs budgets for 32% of the survey’s respondents. However, increased cybersecurity threats and an exhausted IT workforce are primary challenges that require SMBs to think more critically about investing in a cybersecurity infrastructure that boosts protection, efficiency, and productivity *without* overworking already tapped-out IT professionals.

SMBs Need More Robust Security

As hackers’ tactics become more advanced and targeted, cybersecurity is getting more complex for SMBs. 40% of survey respondents agreed that cybersecurity and data protection is the leading IT challenge in 2023, and 28% said that security concerns are a primary budget motivator.

“End users may have an internal IT department that’s only good at doing the basics of cybersecurity, and they are nervous about data breaches,” said Carolyn April, Senior Director of Industry Analysis at CompTIA. “They are nervous about what they’re reading in the paper and want a higher level of expertise.”

Though Kaseya’s report shows a decrease in a reactive approach to cybersecurity (down 8% from 2021 to 2023), there was also a decrease in those who said their department had a proactive approach to IT, down 3% from between 2021 and 2023.

Jim Gast, President of SpliceNet Consulting, a cybersecurity and IT firm in Ohio, has seen this shift himself. “Traditional IT is doing a great job of keeping the SMB running, but they’re not ‘future proofing’ against threats,” he says.

IT professionals are burnt out (and eating a lot of Doritos and Mountain Dew)

Today’s economic and business challenges are getting personal as IT professionals are spending more time at work fighting fire than with their families or dogs. But future-proofing a company is hard when you’re surviving off of Doritos and Mountain Dew. 19% of respondents admit to surviving an imbalanced work-life schedule by consuming the cheesy chips and caffeinated soda.

62% of respondents said they had to work during a holiday or over the weekend, and only 8% said they feel they've achieved a balanced 9-5 work-life schedule. Even if an SMB wants to add to their team, Shoer says it's easier said than done. "It's a lot harder for an SMB to find the right type of technical talent because they're either going to find someone, in most cases, who's under-qualified or way overqualified and may not have the right soft skills to be at the frontline interface," he says.

The increase in cybersecurity threats and economic worries are putting a lot of pressure on IT professionals, stress they'd be happy to share with other industry experts, like MSPs.

Top Skills for Today's IT Technicians

For many years, you know you had a good IT person if they were labeled a 'geek' or a 'nerd.' Certifications and technical skills were often prioritized in the search for quality technicians. However, "durable skills" like communications and being a team player are receiving greater emphasis for career growth, according to CompTIA's Industry Outlook 2023 (<https://connect.comptia.org/content/research/it-industry-trends-analysis>), "as technology becomes more of a team sport." Here's how IT professionals prioritized skills to help grow their careers:

CompTIA's Focus Areas for IT Career Growth:

Technical skills in current area 48%

Durable skills 44%

Technical skills in new area 43%

Advancing into management 41%

Project management 41%

Business operations 36%

How MSPs Stand To Benefit

Before the Covid-19 pandemic, April says that research shows end-users didn't know much about managed services, but when they needed to figure out successful remote working set-ups, MSPs stepped into the limelight. "SMBs know who to call now," she says. "If they are thinking about outsourcing, there's already some mindshare that didn't exist before."

The new report reveals a 16% increase in businesses outsourcing one or more of their IT services to an MSP, up to 80% from 64% in 2022. Not only are more respondents outsourcing to MSPs, but they are also outsourcing more services to MSPs than in the past. IT security is at the top of the list, which comes as no shock, followed by networking monitoring and cloud management.

Security-focused MSPs are already experiencing the shift. "The cost of IT staff has been continually increasing, and it's easier for an MSP to spread the cost of highly skilled technicians across multiple customers, rather than SMBs bearing the burden by themselves," Gast says.

However, not all MSPs are created equal in this case, and security-focused MSPs and MSSPs will better adapt to today's economic uncertainties.

“One of the big things we’re seeing with MSPs globally is that they are finally embracing the concept that they need to become security first MSPs, meaning they need to have at least basic security baked into everything they do,” says Shoer. “But they also need to know when to partner with an MSSP, an incident response, or a risk management firm to supplement. An MSP can’t just drop in an “S” and say we’re now an MSSP, and neither an MSSP nor an MSP can say we can do it all. We’re going to see some more focus of expertise and focus of services to deliver end-to-end solutions in a more defined range,” Shoer says.

The most significant risk in the current economic climate is for generalist MSPs. “They’ll continue to be ‘help desks’ and break-fix servicers to SMBs and eventually become less and less relevant,” says Gast.

With more SMBs feeling uneasy in the face of a possible recession and compounding cybersecurity fears, they are looking for cybersecurity experts who can confidently point them in a safe and secure direction while helping to prime their IT infrastructures for growth (and maybe throttle back on the chips and soda).

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