



SME IT TRENDS Q3 2024

Your Route To Positive Client Interactions



This edition of SME IT Trends focuses on only the MSP data from the original report. To see the data on the [SME IT Landscape](#), [Security and SMEs](#), [SMEs and Devices](#), and [AI and SMEs](#) sections, download the full report for free.

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Destination: Getting a Read on SMEs

Managed service providers (MSPs) are faced with the unique challenge of being experts not only in IT, but in business management as well. To run a successful MSP, you need a deep understanding of many factors, from financial and strategic planning to marketing to the latest industry developments. One of the most important elements of success as an MSP is understanding your audience.

In a recent data report, JumpCloud surveyed more than 600 IT professionals at small and medium enterprises (SMEs) to learn how they engage with MSPs. Their answers offer key insights into how your current — and potential — customers think about MSP relationships.

This data will help answer important questions, including:

- What's important to SMEs when engaging with MSPs?
- What are some of the biggest barriers to entry and churn factors when it comes to gaining and retaining SME customers?
- How can MSPs leverage these insights to gain and retain more customers?

This report pulls on recent data from JumpCloud's 2024 survey to attempt to answer these questions and provide the insights MSPs need to differentiate themselves, stay competitive, and boost their revenue.

Key Findings

MSPs are SMEs' unsung heroes.

Amidst mounting complexity, MSPs are delivering the goods. Though, their clients are raising the bar with their expectations.

Growth is coming... but is it enough?

SMEs are looking to increase their investments in MSPs over the next year. But can that stave off the churn MSPs are facing globally?

Show me the security!

Many SMEs are concerned about an MSP's ability to manage security effectively. This is a major area of opportunity for growth and differentiation.

Combatting churn requires a multi-faceted approach.

SMEs cite a wide spectrum of issues — macroeconomics, security, and customer experience — as their reasons for going it alone.



MSPs and SMEs



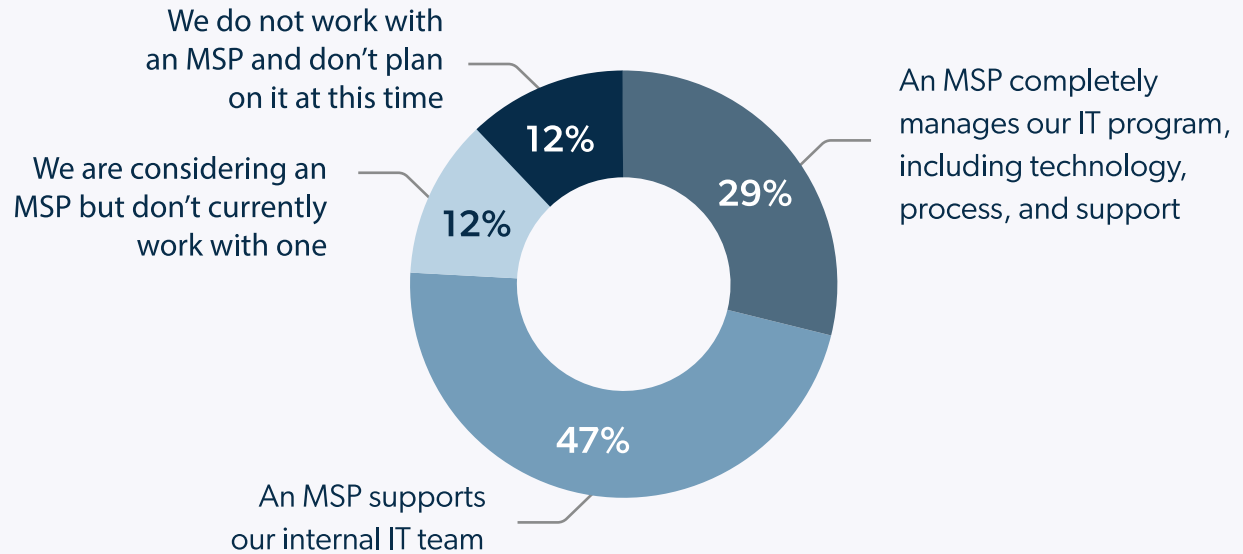


SMEs Are Investing Heavily in MSPs



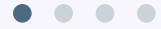
SMEs continue to rely on managed service providers (MSPs) to help with identity, user, and device management. Over three-quarters (76%) of SMEs rely on an MSP for at least some functions, the same as the 76% who reported the same in Q1 2024, and another 12% are considering working with one.

To what extent does a managed service provider (MSP) play a role in your IT program?



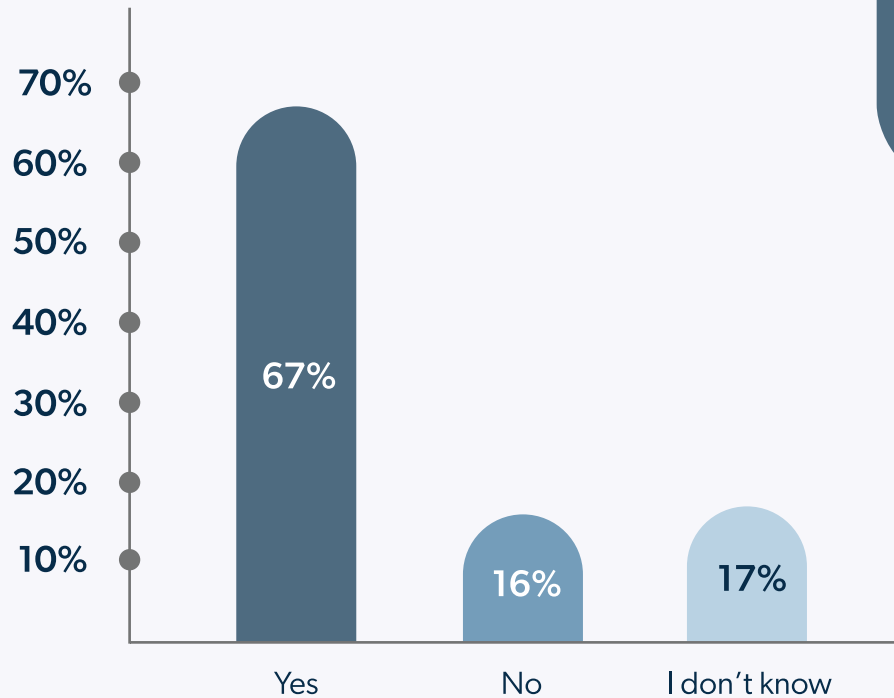


SMEs Are Investing Heavily in MSPs



The partnership with MSPs is seen as an integral part of IT operations for a majority of SMEs, as 67% of SMEs say they'll increase their MSP investment over the next 12 months.

We plan to increase our MSP investment over the next 12 months.



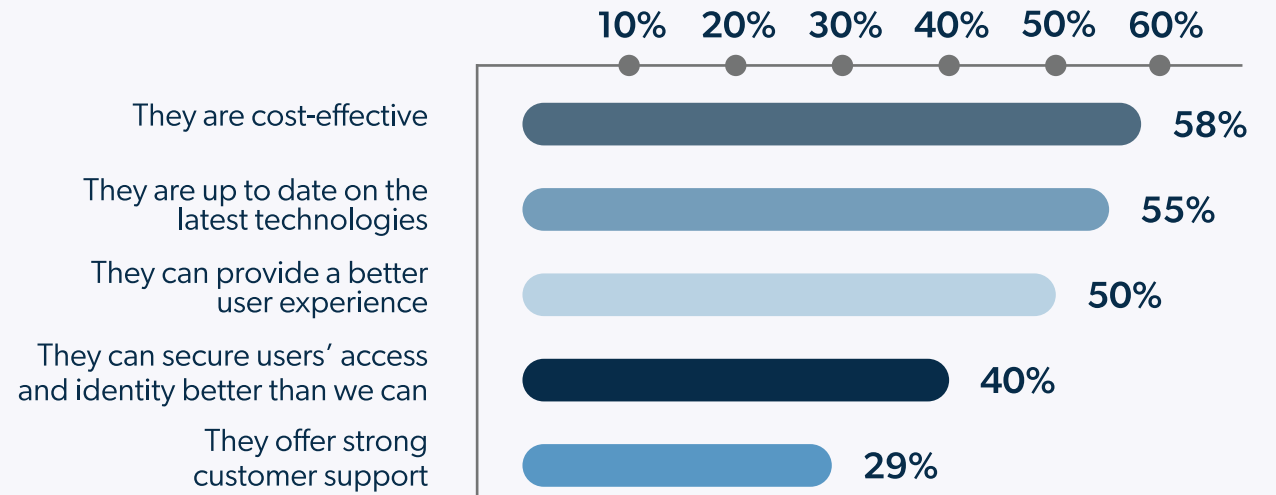


Why Do SMEs Use MSPs?



Generally, MSPs are seen as a critical partner for SMEs, offering a broad range of benefits and functions. The most common reasons SMEs use MSPs are because they are cost-effective (58%), up to date on the latest technologies (55%), provide a better user experience (50%), and they can secure users' access and identity better than the internal team (40%).

We use MSPs because:



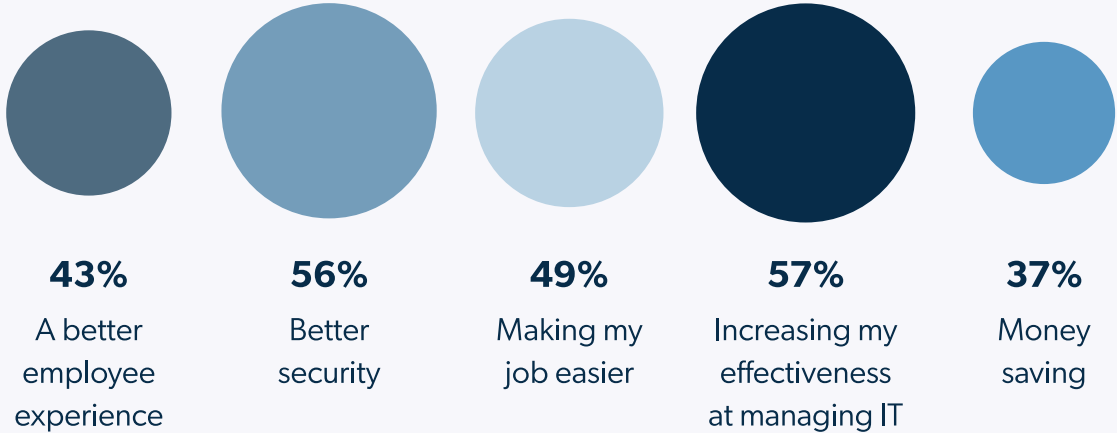


Why Do SMEs Use MSPs?



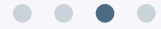
MSPs are seen to deliver cost-savings. But security and improving IT effectiveness are the top drivers of MSP use. Over half of IT teams said MSPs had resulted in better security (56%) and increased their effectiveness at managing IT (57%), and just a little over one-third (37%) said it had saved money for their organization.

Using an MSP has resulted in:





Why Don't SMEs Use MSPs?

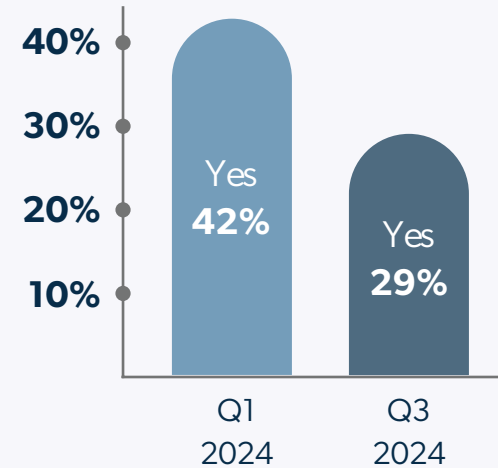


While SMEs seem to value their MSP relationships, fewer are using MSPs to manage all their IT. The percentage of SMEs that delegate their entire IT program to MSPs has decreased to 29%, down from 42% who said the same in Q1 2024.

Why the sudden drop?

We dug into SMEs' reasoning behind churn and choosing not to work with MSPs. Their answers could help us understand why SMEs are decreasing their level of service with MSPs. Read on to learn more.

Do you outsource your entire IT program to an MSP?



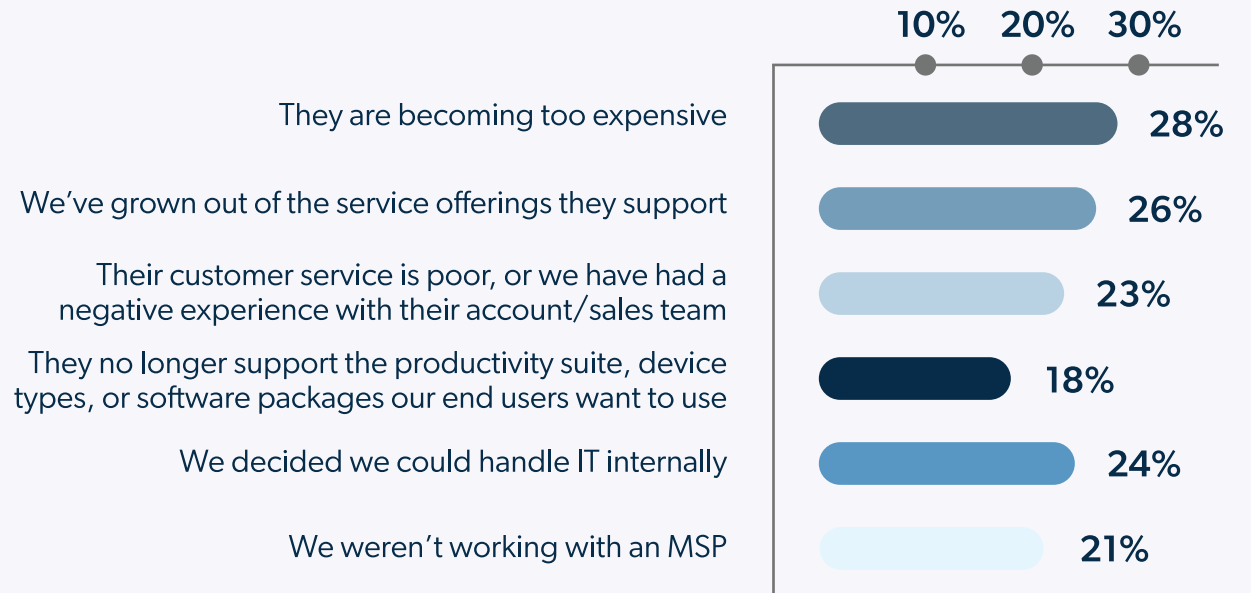


Understanding Retention and Churn



Cost is the most common reason SMEs stopped working with an MSP and the second-most-common reason that SMEs choose not to work with one. Another common factor was services not being a good fit: either SMEs outgrew their MSP's offerings, wanted to use products the MSP didn't support, needed less than the MSP offered, or felt they were too small to be taken on as a client.

Have you recently stopped working with an MSP, and if so, why?



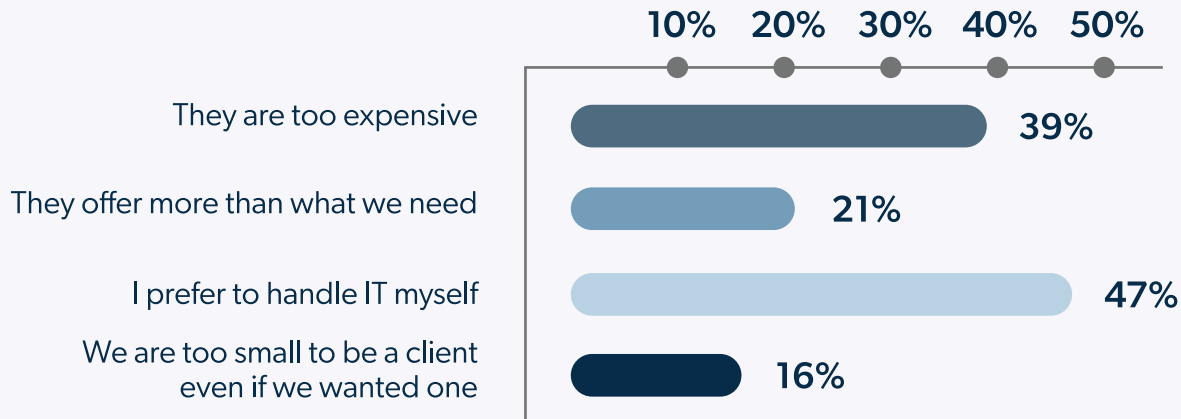


Understanding Retention and Churn

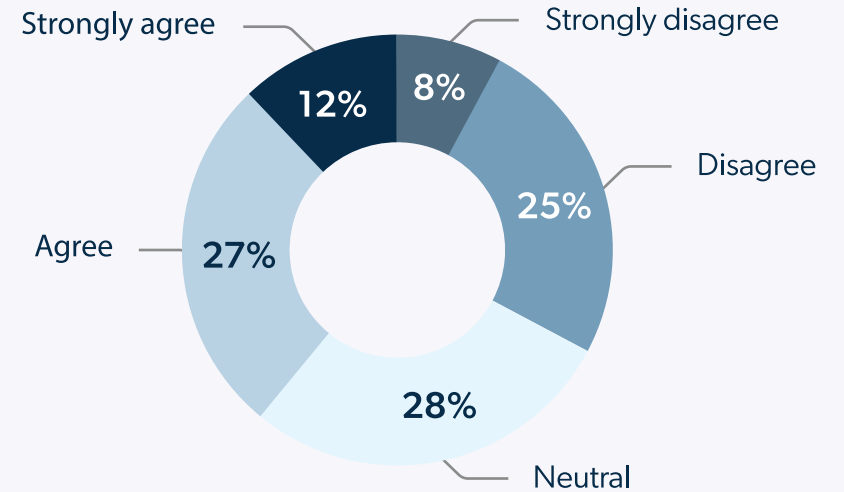
Other factors influencing churn and non-conversion included the customer experience and a desire to take IT in-house.

Regardless of whether they use MSPs or not, a significant proportion (39%) of SMEs expressed concern with the way MSPs manage security. This indicates an opportunity for MSPs: differentiate yourselves from the competition by making security (both as a service and as your own internal practice) a resounding part of your messaging.

We don't use MSPs because:

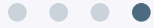


I have concerns about how MSPs manage security:





Understanding Retention and Churn



How can MSPs use this information to their benefit?

When you recognize what you can't control — the economy, or the trajectory of your clients' business — you can stay focused on the tactics that keep revenue coming in and create opportunities to grow. The data reveals that even when some SMEs say no, the overwhelming majority of them still look to their MSPs for support. The opportunities to counteract some of the major factors that influence SMEs to downgrade or end their contracts can be found hidden within the numbers. We'll focus on the top three factors that drive churn and offer perspective on how MSPs might improve. Read on to dive into each in more detail.

76%

of SMEs rely on an MSP for at least some IT support.

Understanding Retention and Churn

Churn Factor #1: Cost and Service Mismatch



MSPs are facing some headwinds. Three-quarters (75%) of SMEs said that their vendors are raising their licensing or subscription costs. This was the reason that 28% of SMEs stopped using MSPs: it became too expensive. And 39% of the SMEs that don't work with MSPs at all say it's because of cost.

➔ What can you do?

Striking the right balance between competitive and reasonably profitable pricing is a challenge. Some revenue is better than none though, so some ways you can combat this include:

- Diversifying your packages to include lower-cost options. In addition to boosting retention, this will broaden your pool of potential customers by appealing to those who feel that:
 - They have outgrown their MSP's services (26%)
 - Their MSPs offer more than what they need (21%)
 - They're too small for an MSP (16%).
 - Their MSP no longer supports the products they want to use (18%).
- Reducing prices by adopting or migrating to new technology solutions that:
 - Require less specialized expertise or less expensive training.
 - Bundle functionality within a larger platform.
 - Allow you to handle more service calls remotely, thus reducing travel expenses.

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Understanding Retention and Churn

Churn Factor #2: Security



Security is important to your buyers. Over half of SMEs said MSPs had resulted in better security (56%). At the same time, though, 39% of SMEs see MSP security as a point of concern. This speaks to problems of perception and opportunities to exceed expectations.

➔ What can you do?

Make security a pillar of your marketing and messaging strategy. Speak to both how you deliver security and how you maintain security *internally*.

- Clarify to your audience how you approach security, why your approach works, and what makes your approach more effective than your competition's. This will be a powerful differentiating approach.
- Consider incorporating a security-focused offering or add-on as part of your pricing and packaging model.

Understanding Retention and Churn

Churn Factor #3: Customer Experience



Nearly a quarter (23%) of SMEs have ended their relationship with an MSP due to poor customer service or a bad experience with their account or sales team. Unlike many challenges discussed so far, every MSP can work to improve their operational workflows and client relationships.

➔ What can you do?

Don't underestimate the importance of your customers' experience. Try some of the following ways to ensure you're delivering stellar service:

- Prioritize service in client-facing roles. Consider investing in training to refresh your team on customer service best practices. When you vet potential candidates for hire in positions like sales and account managers, pay attention to their track record of courteous and helpful service.
- Ask for feedback. Consider sending an email to your customers asking for feedback on their experience working with your team. This will help you capitalize on what you do well and identify areas for improvement early, before they become problems.
- Encourage reviews. Reading reviews is a common way potential customers vet vendors. Because SMEs have demonstrated that an MSP's quality of service is important to them, gathering reviews that demonstrate your stellar service may help win some potential customers over.*

*Different countries and regions have rules around review gating and other deceptive practices. Read up on your area's guidelines before running a campaign to gather reviews. In general, you should avoid hiding, deleting, or otherwise preventing reviews from showing up, whether they're good or bad.

Final Stop: Thriving in Modern IT

The seventh edition of JumpCloud's SME IT Trends Report reveals that in 2024's complex IT landscape, success hinges on flexibility, foresight, and a dash of digital daring. "Detours Ahead: How IT Navigates an Evolving World" can serve as a map for your IT journey, equipping you with the information you need to chart the best path forward for IT success.

By focusing on flexibility, visibility, and control, SME IT pros can turn potential pitfalls into stepping stones. It's not just about surviving today's digital wilderness, it's about thriving in it.

A few considerations as you plot your route:

- **Shine a light on shadow IT:** Deploy tools that can help you spot a rogue app faster than you can say "unauthorized download" or "device not recognized."
- **Embrace diversity:** Diverse device landscapes aren't going anywhere, but a system that can handle Windows, macOS, Linux, and more can make managing them easy.
- **Maximizing your MSP:** Evaluate costs, features, and results, and be prepared to make a change if your MSP is no longer serving you.
- **Unify (or die trying):** Admins have been telling us for years that they want a single tool to manage identity and access management (IAM). Now's the year to make it happen.
- **Make security your superpower:** Whether biometrics, AI, or centralizing IT, supplement your security efforts while keeping your digital guard up.

Knowledge Is Power

The more you understand about your audience, the better you can tailor your services to optimize their experience and increase your revenue. This data represented just one section of JumpCloud's 2024 SME IT Trends report. In the full survey, we asked IT professionals about their takes on pressing issues, including security, AI, how their companies are budgeting, and more.

To learn more about what SME IT professionals see for their careers, their organizations, and the future of the industry, download the full free report.

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Methodology: JumpCloud surveyed 612 IT decision-makers in the U.K. and U.S., including managers, directors, vice presidents, and executives. Each survey respondent represented an organization with 2,500 or fewer employees across a variety of industries. The online survey was conducted by Propeller Insights, from June 4, 2024 to June 7, 2024.



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