



2021 IT Managed Services Research:

# MSP Security Services Trends

**Kevin Rhone**, Practice Director, Channel Acceleration

**Adam Demattia**, Director, Custom Research

**Jennifer Gahm**, Director, Research Operations

---

SEPTEMBER 2021

**Axcient**



**proofpoint.**



## Why This Research is a Must-Read

In today's dynamic and changing environment, technology is increasingly delivered via the cloud and consumed through recurring, services-led business models.

ESG research<sup>1</sup> has identified key trends for 2021, such as:

- The rapid increase in the number of employees working remotely is a key driver of IT complexity and greater cybersecurity vulnerability.
- Fortified authentication and employee monitoring are the most common priorities for transitioning remote workers back to brick-and-mortar offices.
- Cybersecurity is a clear, ongoing priority for business leaders.
- Public cloud services and cybersecurity are best positioned to benefit from a 2021 IT spending rebound as organizations continue to support and refine ongoing remote work strategies.

Managed service providers are now at the forefront supporting this transformation, and cybersecurity has emerged as the leading element of this new IT world.

Read on to unravel the data behind the trends and how they impact MSP growth and success.

## TABLE OF CONTENTS

CLICK TO FOLLOW



---

**Research Objectives  
and Methodology**

PAGE 4



---

**Managed Security Services:  
A Dynamic, Growing Market**

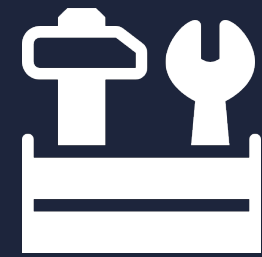
PAGE 6



---

**MSPs Are Expanding  
and Transforming Their  
Security Practices**

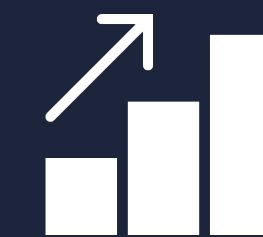
PAGE 13



---

**Tools for Efficient Security Services  
Delivery: RMM, PSA, and  
Cross-service Data Automation**

PAGE 18



---

**Summary:  
Support for MSP  
Go-to-market Success**

PAGE 24

A woman with dark hair tied back, wearing glasses and a denim jacket over a pink shirt, is focused on her work at a laptop. The background shows a modern office with large windows and a server rack. The scene is lit with soft, natural light, creating a professional and productive atmosphere.

# Research Objectives and Methodology

## Objectives and Methodology

Measure key trends in the MSP community. In addition to macro trends, the research covers:



What partners are prioritizing in the security stack.



How partners evaluate solutions and vendors to add to their portfolios.



The state of automation when it comes to ingesting and correlating data across services.



Key cross-tabulation analysis by company size, automation progress, and success launching new security services.



What are the best practices and actions leading partners take to unlock MSP success?



What consistent themes and best practice guidance for vendors and partners do we see throughout the research?

### QUANTITATIVE WEB-BASED SURVEY

- N=556 qualified completes
- Field dates: 7/18/2021 – 7/28/2021

### RESPONDENT PROFILE

- Senior decision makers at IT partners. 70% of respondents are senior or C-level, so ESG is confident they understand the broad range of security offerings and priorities discussed in the survey.
- All partners represented offer managed security services today.
- Small (10 employees or less, 74%), medium (11 to 25 employees, 17%), and large (50+ employees, 9%) organizations were included in the survey.
- Partners offer a wide range of managed services. in addition to security. This indicates to ESG that many may act as a total IT outsourcing function for their smaller clients.

A hand is pointing at a document on a table. The document contains various charts and graphs, including a large donut chart, a bar chart, and a circular diagram with five colored segments (red, yellow, blue, green, orange). The background is a wooden table with a tablet and a glass of water. The text is overlaid on the left side of the image.

---

# Managed Security Services: A Dynamic, Growing Market

## KEY FINDINGS

### Security Trends Impact Practice Building Today



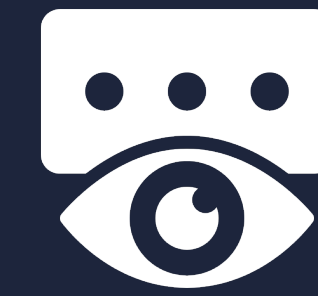
**87%**

of surveyed partners say security practice evolution is a top business priority.



**39%**

of partners' revenue will be driven by security services two years out (up from 32% today).



**60%**

of partners' customers have had a sensitive data breach in the last 12 months and will increase spending (by ~22%) as a result.



**#1**

Ransomware solutions are top of mind for partners.



**84%**

of SaaS productivity resellers attach BC/DR services to those offers.



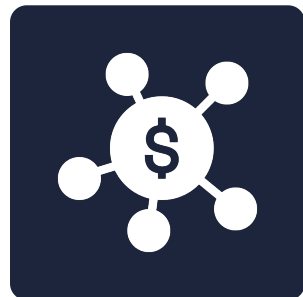
**MATURING OFFERINGS**

Partners are looking to add more sophisticated services to their services stacks.

## General Trends: MSPs Plan to Adapt to Stay Viable and Grow



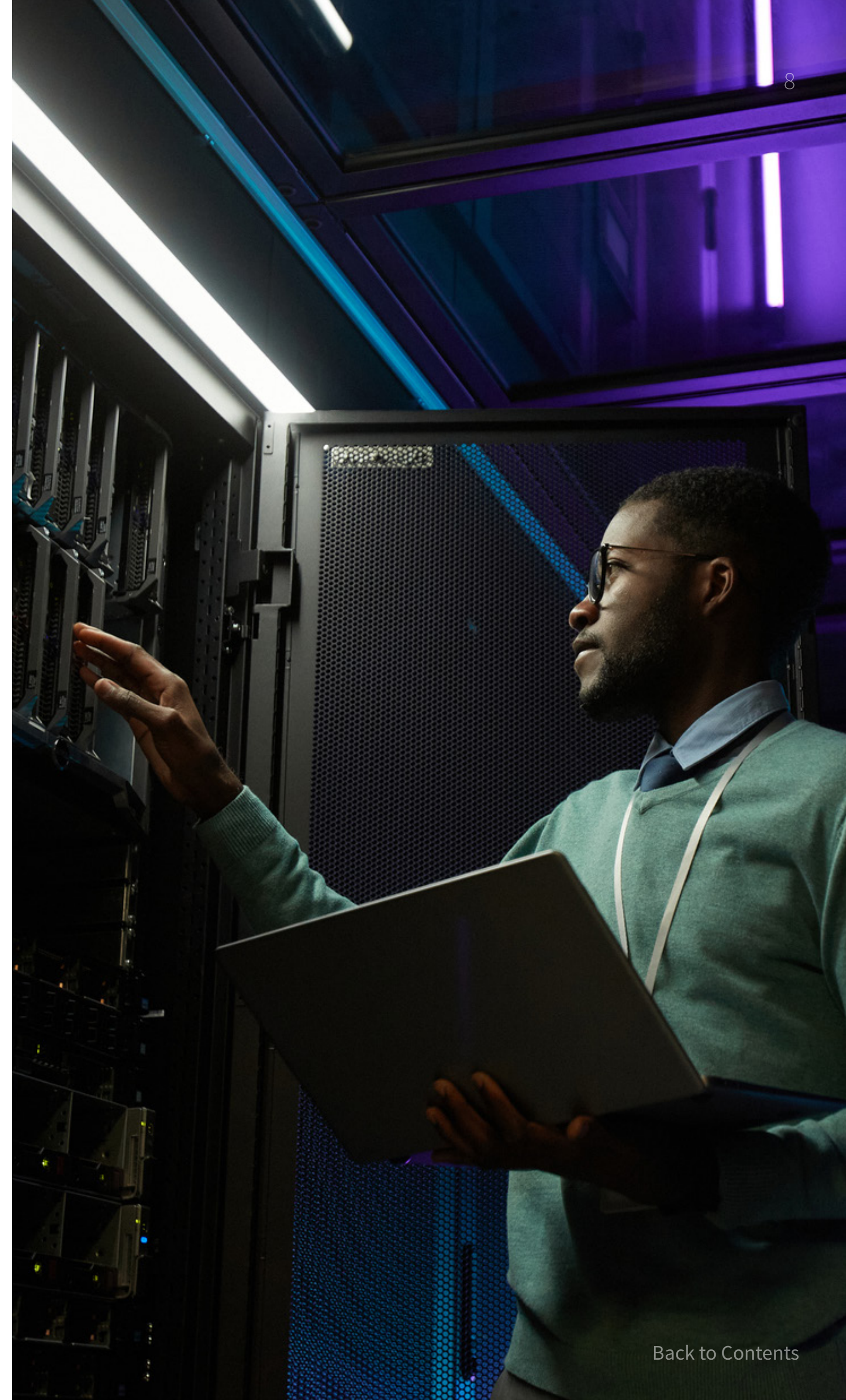
Managed security services are a strategic priority among all MSP business opportunities and priorities.



Managed security services make up a large and growing portion of MSP revenue, which will become even larger in 24 months.

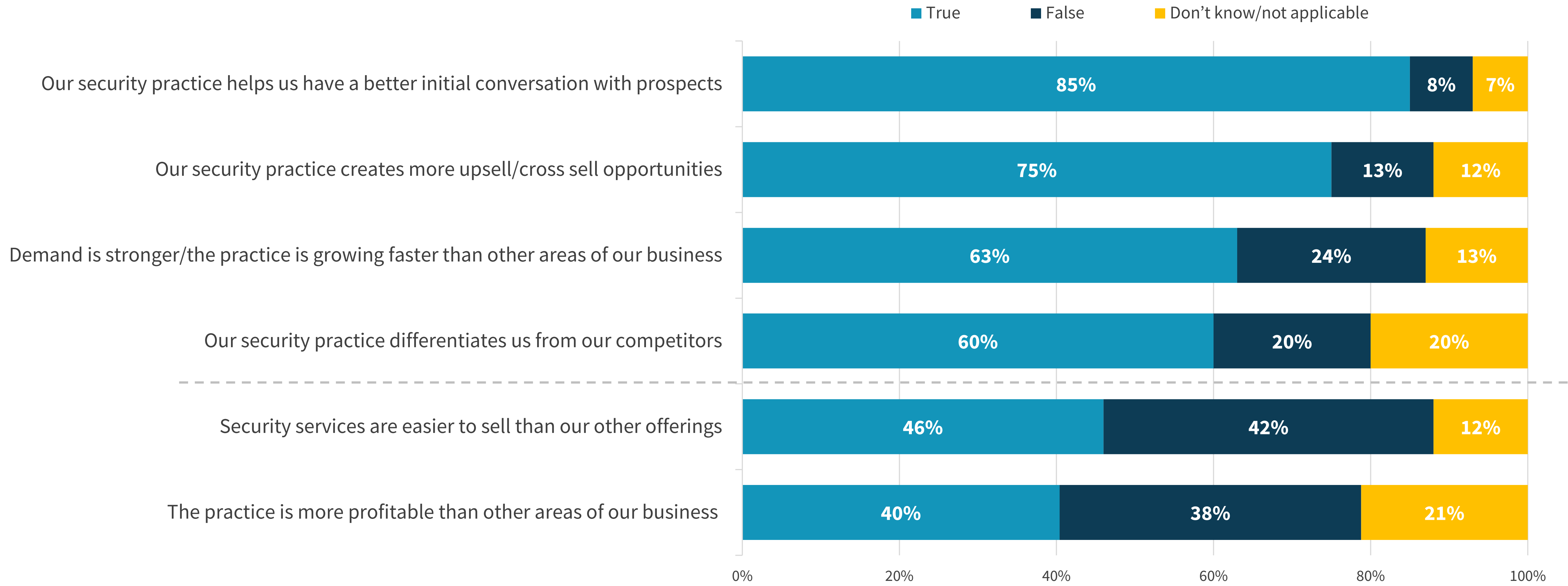


Managed security practices are evolving, featuring new alliances with innovative vendors and the creation of unique branded services that come to market quickly.





## Security Services Help Partners Differentiate and Engage with Prospects, Driving Top-line Growth



## RANSOMWARE IS A PERVASIVE THREAT ... AND AN OPPORTUNITY FOR PARTNERS



**Ransomware is an attack strategy** that maliciously employs encryption to ‘lock-up and hold hostage’ digital assets, with the intent of creating a disruption in operations. Ransomware is typically a financially driven, criminal activity that requires the payment of an attacker-defined ransom amount in return for decryption keys that will unlock data and restore operations. Failure to pay ransoms can lead to the deletion of the victim’s digital assets and/or the public exposure of sensitive data.

Unlike ransomware of the past that was commonly targeted at individual systems, modern ransomware attacks are often highly orchestrated across many assets to escalate operational disruption, increase the overall impact of the attack, and drive higher ransoms. Double extortion tactics that involve the public exposure of sensitive data have further complicated this threat, making it more difficult for organizations to recover by restoring encrypted data from backups.”



### **DAVE GRUBER**

**ESG Senior Analyst  
Covering Endpoint, Email,  
& Application Security**

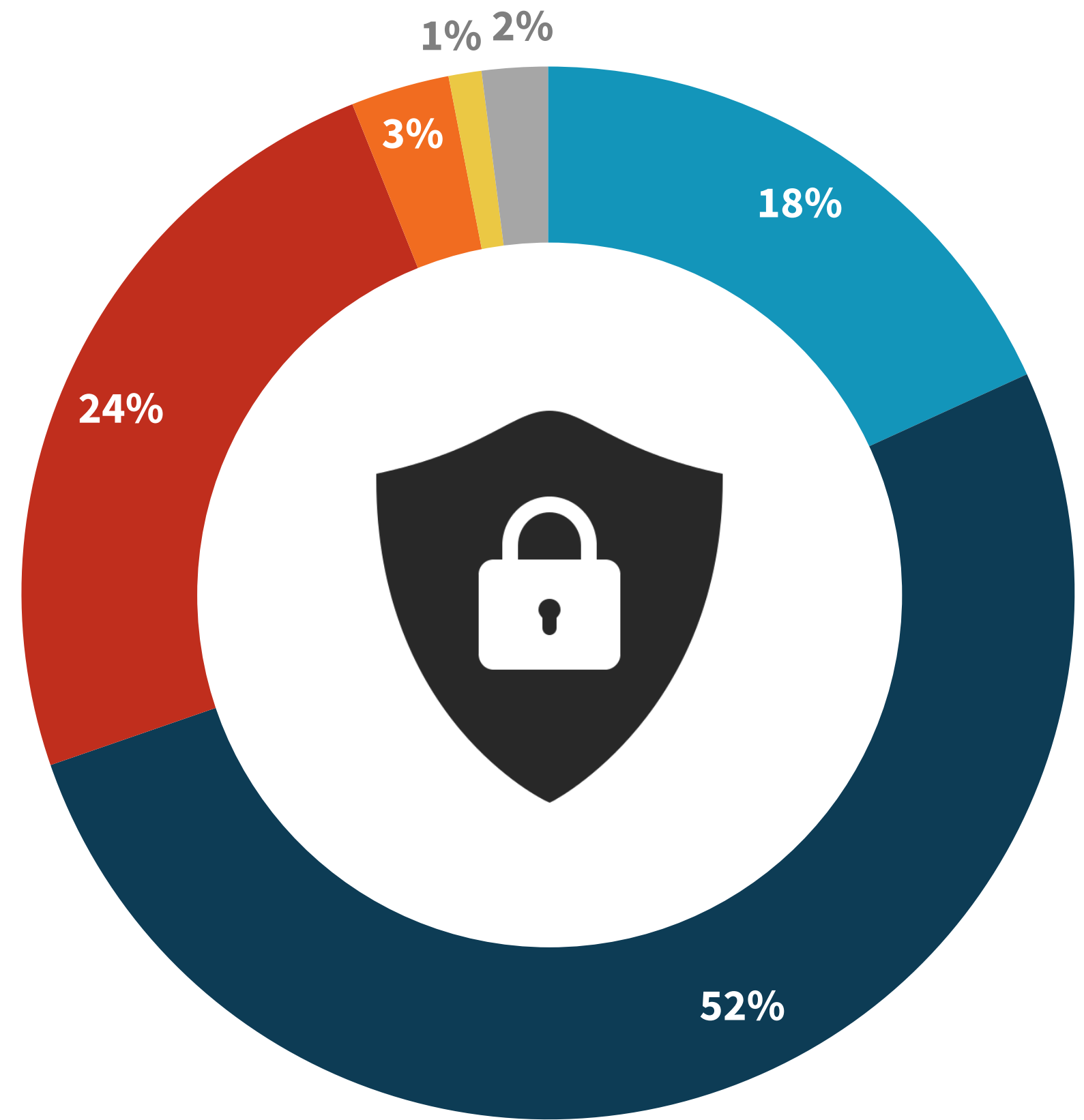
# Security Pros Consider Email One of Their Top 5 Cybersecurity Priorities



# 50%

of those reporting daily email attacks identify email as their most important cybersecurity priority.

| Importance of email security in terms of organizational risk.



- Our most important cybersecurity priority
- One of our top 5 cybersecurity priorities
- One of our top 10 cybersecurity priorities
- One of our top 20 cybersecurity priorities
- Not among our top 20 cybersecurity priorities
- Don't know/no opinion

# Top 5 Email Security Budget Priorities:



#1. **Phishing controls**



#2. **End-user training**



#3. **Sensitive data**

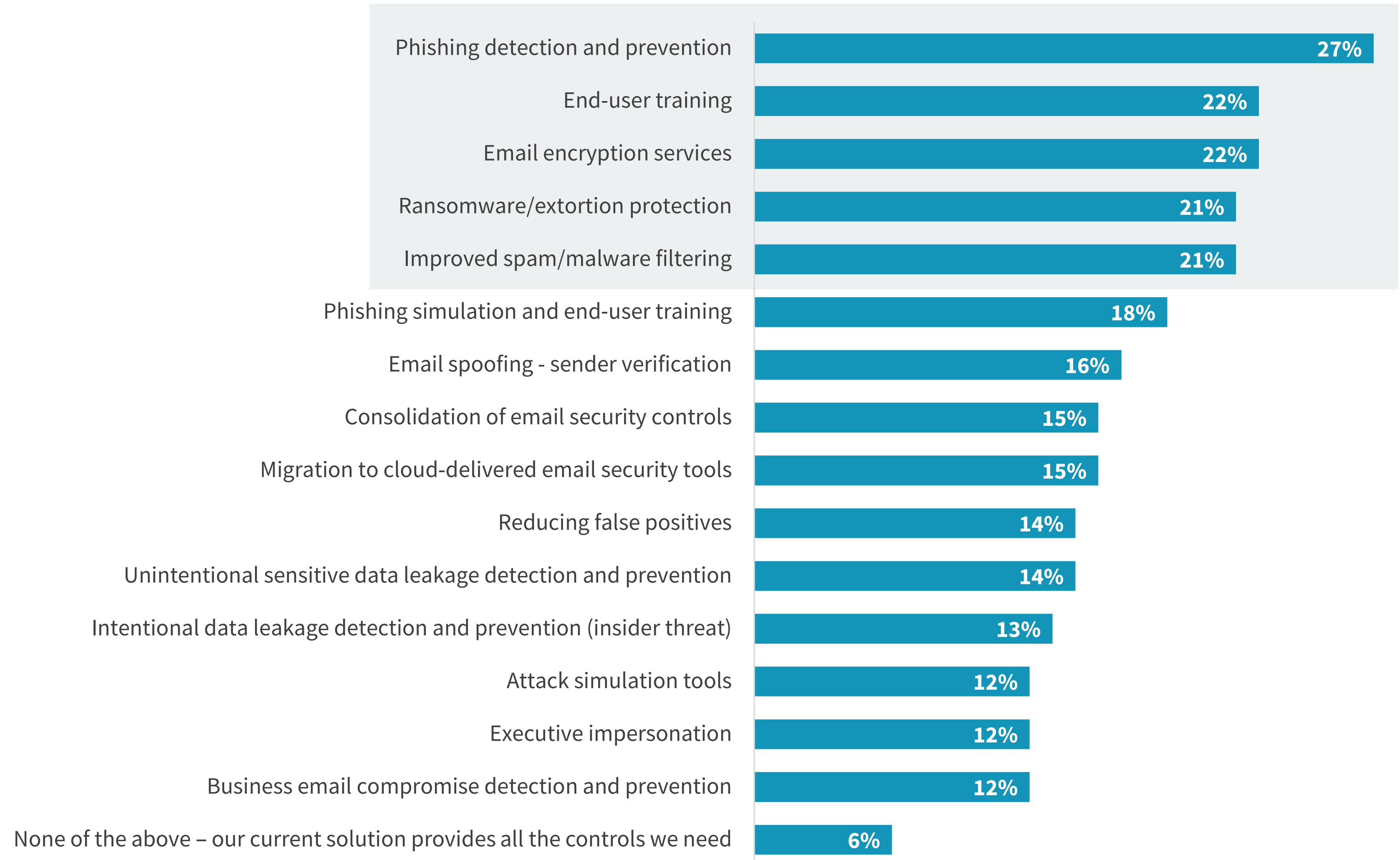



#4. **Ransomware**



#5. **Malware protection**

| Most important email security priorities over the next 12-18 months.





---

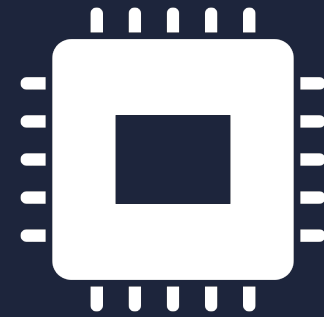
# **MSPs Are Expanding and Transforming Their Security Practices**

## KEY FINDINGS: Security practice evolution and automation



77%

of partners expect to bring new vendors into the fold as they build out their security stacks.



47%

of partners rate vendors' technology capabilities as most important (2.1x the rate of existing relationships).



6

vendors, on average, are represented within partners' security portfolios.



<6 months

is how long partners take to go from decision to selling when adding security services to their stacks.



## Partners Are Looking to Expand Security Practices by Adding New, High-value Services

### PARTNERS MOST OFTEN SELL:

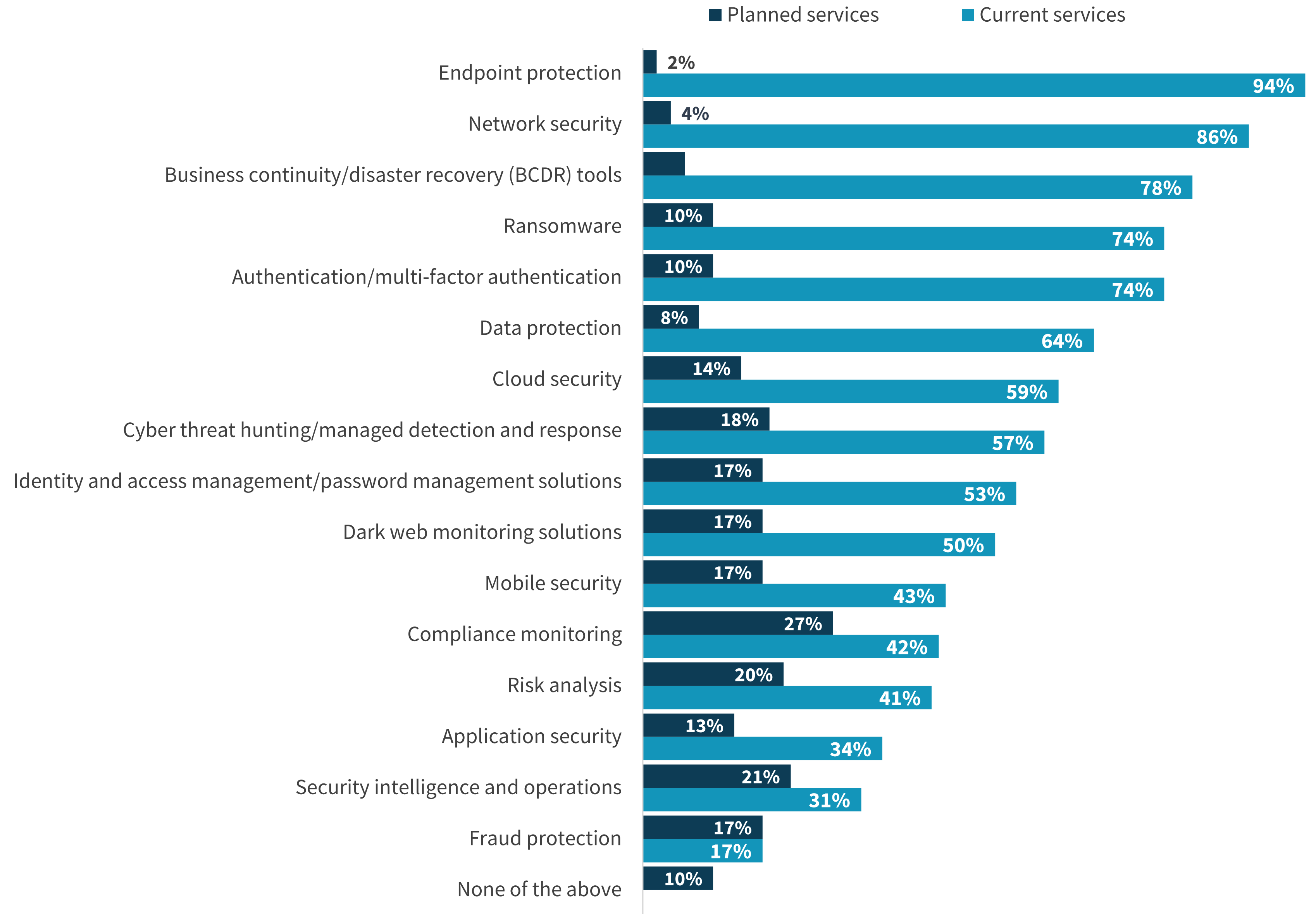


**94%**  
Endpoint security services



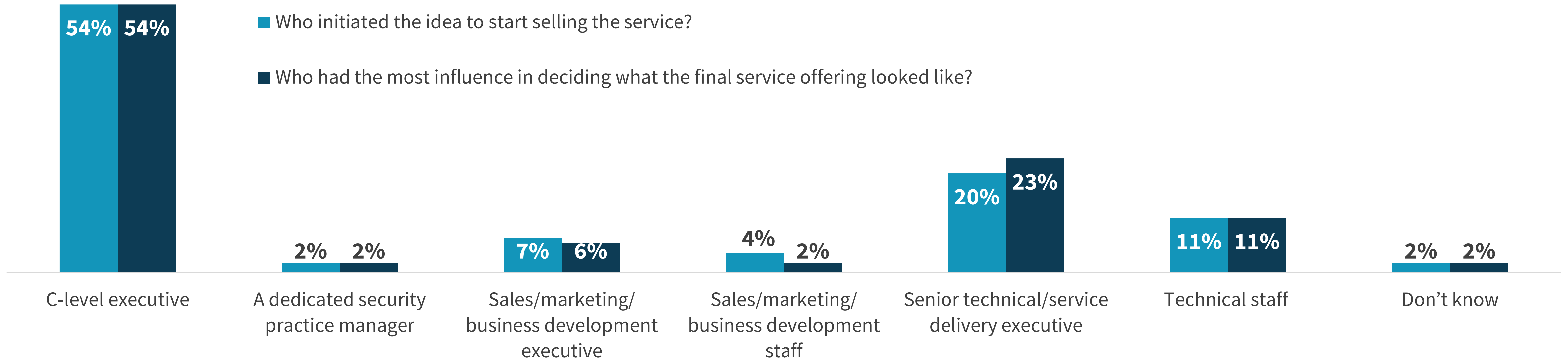
**86%**  
Network security services

| Security Services Offered Today and Those Planned for the Future.



## Security Service Decisions Are Both Initiated and Shaped by the C-suite

| Partner stakeholder most influential in deciding security service specifics.

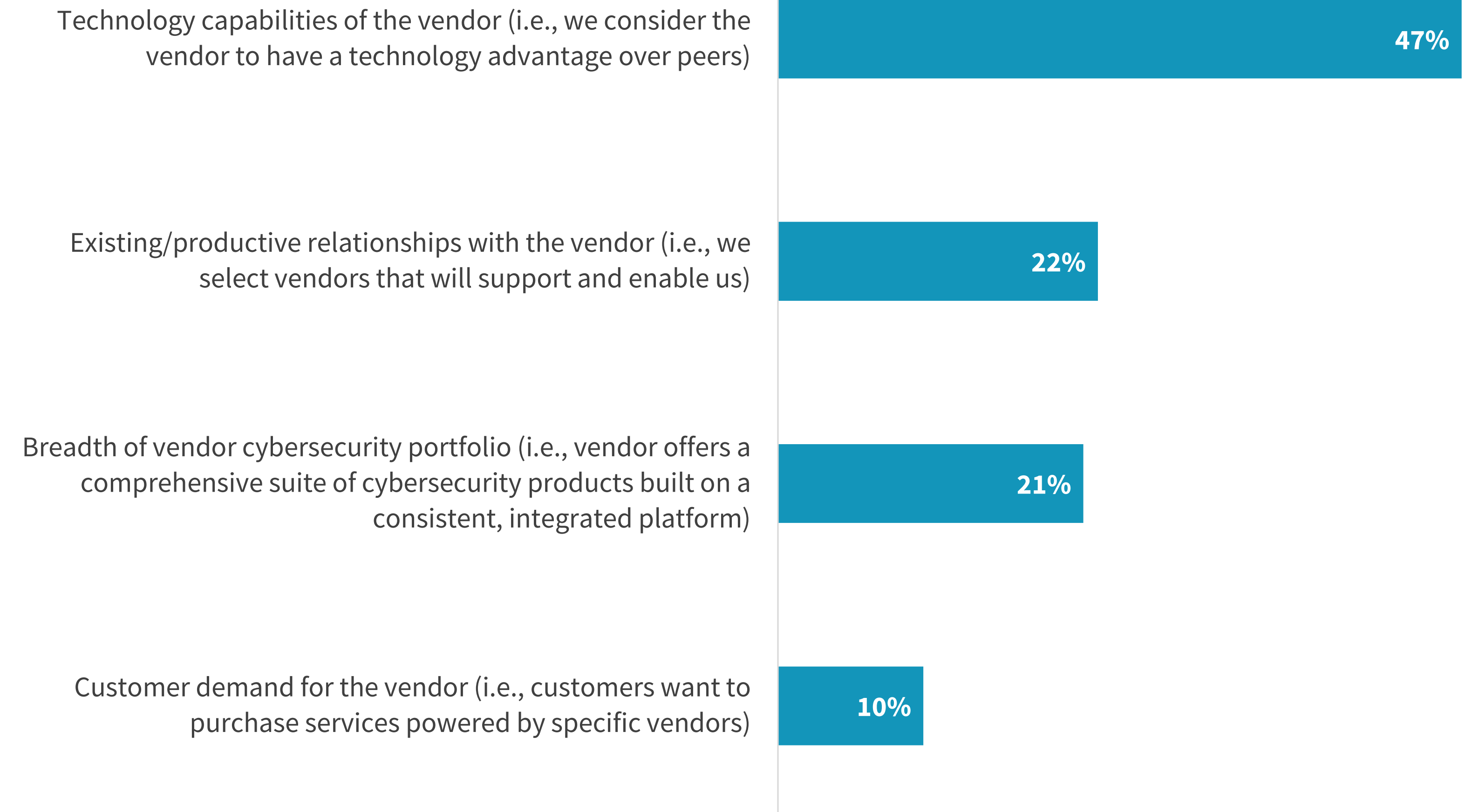


More than three-quarters of Partners Surveyed Expect to **Build New Alliances as They Add to Their Security Services Portfolios**



## A Demonstrable Technology Advantage Is Most Important when MSPs Select New Vendor Partners

| Vendor characteristics that influence technology partner portfolio decisions.





---

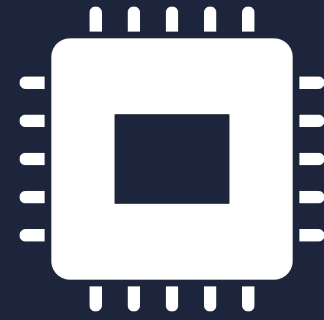
# Tools for Efficient Security Services Delivery: RMM, PSA, and Cross-service Data Automation

**KEY FINDINGS:** Security practice operations and automation



**82%**

want to increase the level of automation for correlating and analyzing security data across different security services.



**PAYING DIVIDENDS**

Early automation efforts are paying off for partners in terms of results.

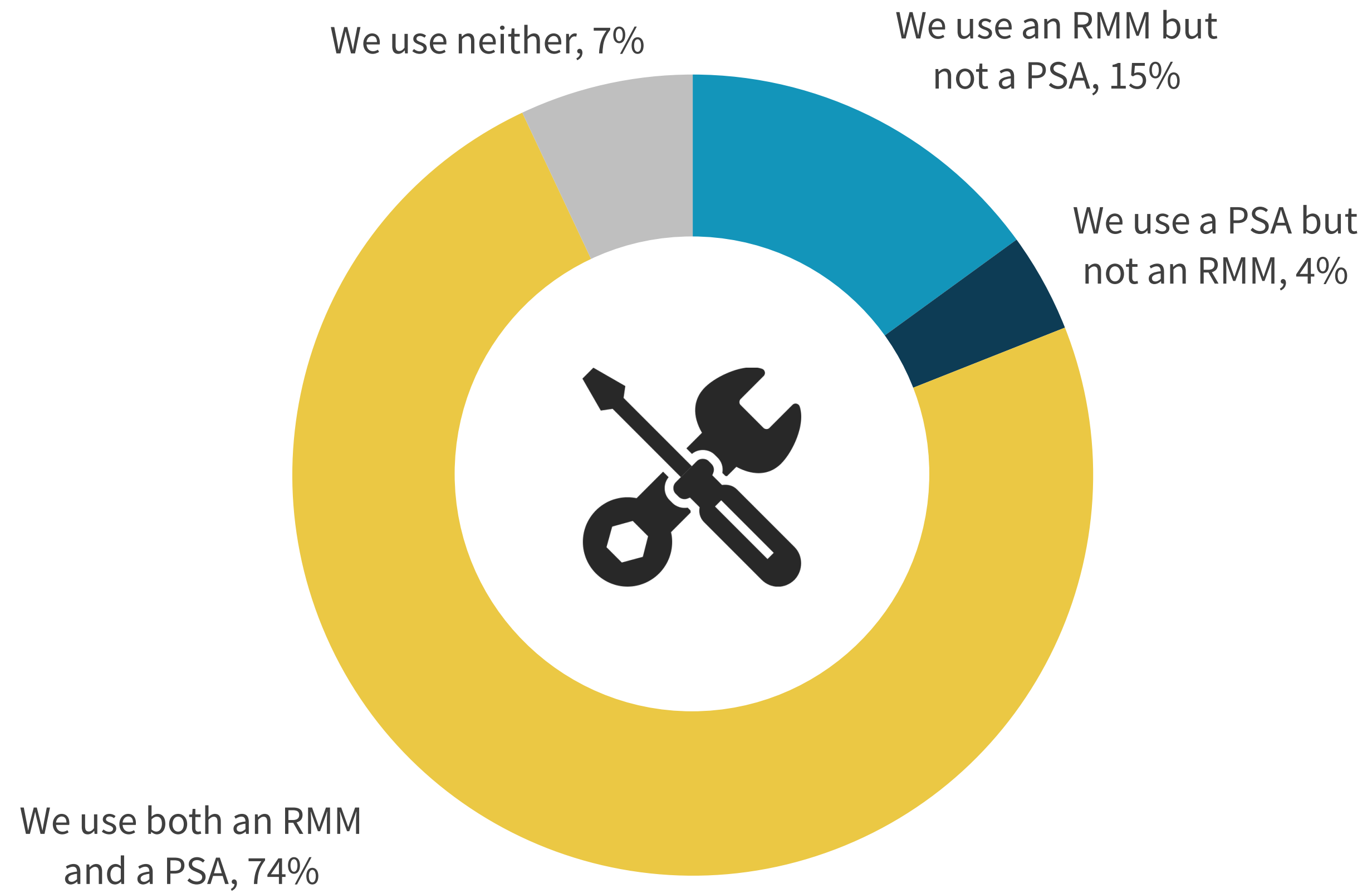


## Both RMM and PSA Tools Are Broadly Adopted...

### PERCENT THAT USE BOTH:



| RMM/PSA tool or applications relied on to deliver and track service and support operations.



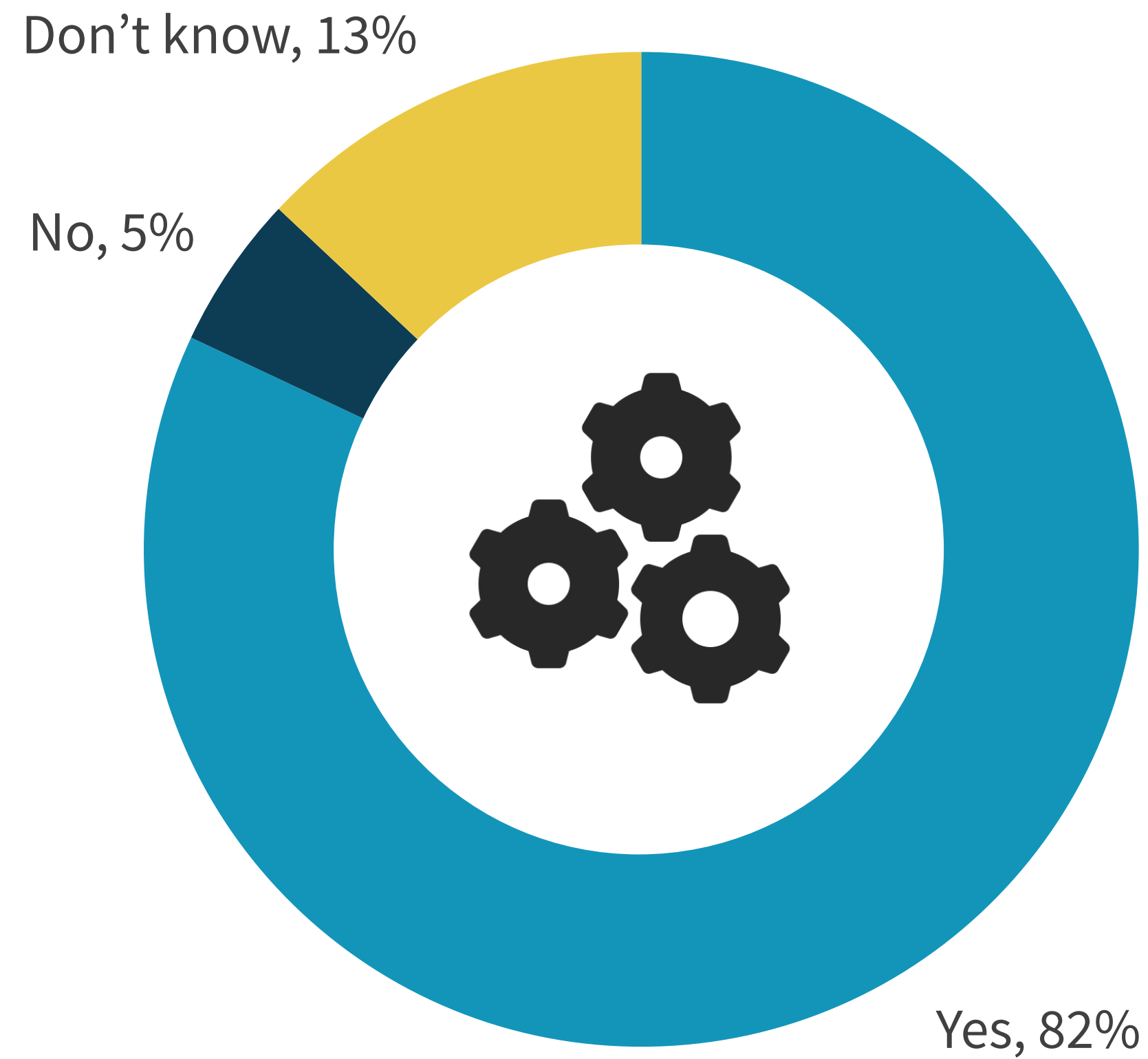
## ...and Partners Want More Automation in the Data Correlation Process than They Have Today



# Only 12%

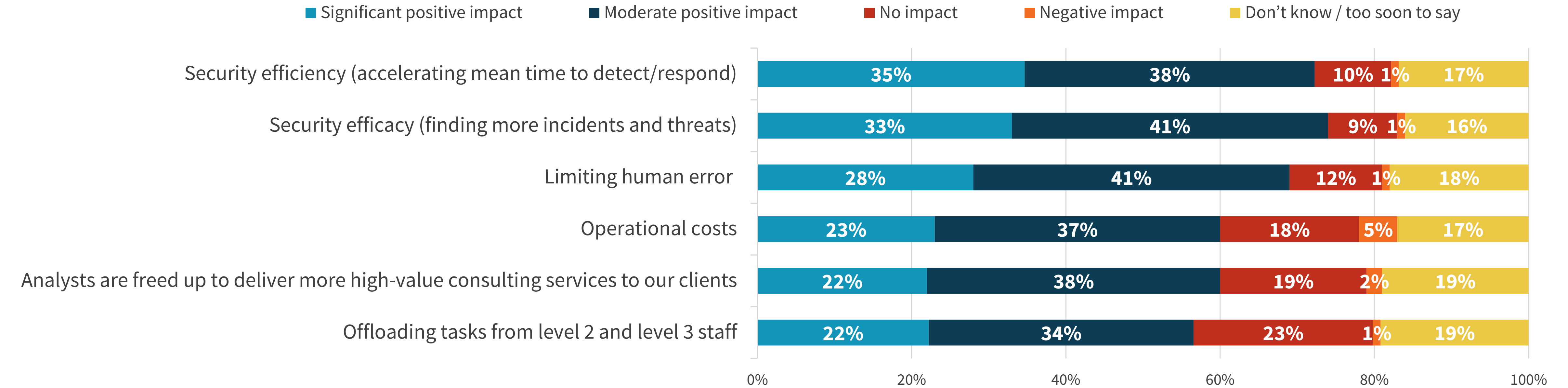
of partners have extensively automated security data correlation and analysis across their service offerings. Expected upticks in the number of vendors they partner with could further frustrate efforts.

| Partner desire for increased back end automation for correlating and analyzing security data across different security services.



## Partner Business Impact of Automating Security Data and Analysis

| Impact seen as a result of automating security data correlation and analysis across services.



Nearly three-quarters of partners with some automation progress report a positive impact to efficacy and efficiency.

## Key Benefits from Increased Levels of Automation:



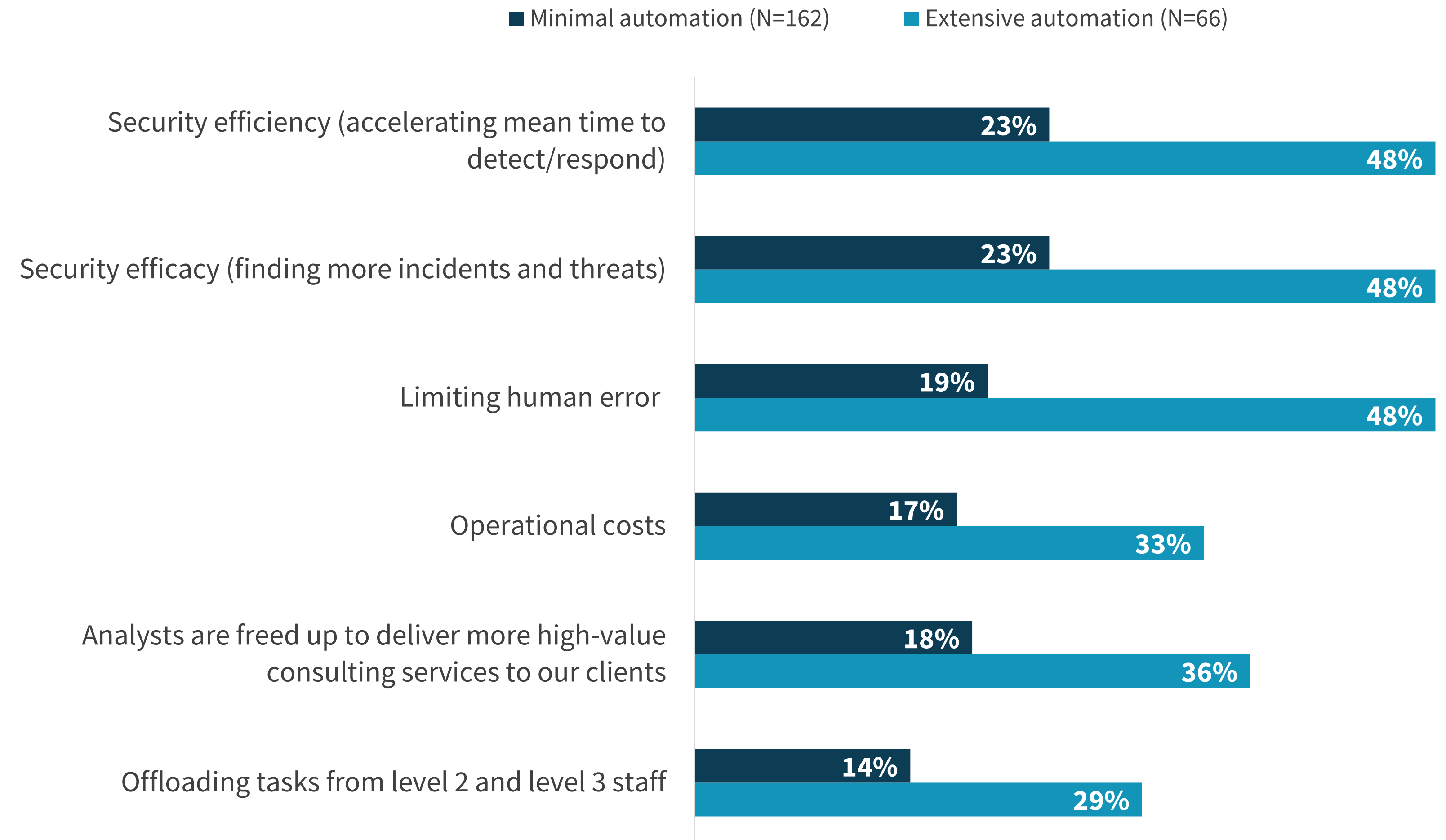
Improved security efficiency and efficacy



Analysts freed up to deliver more high-value services

Note: Quality of service delivery is how partners assess security services and think about evolving their security practices.

| Impact of extensive automation of security data correlation and analysis across services.



# Summary: Support for MSP Go-to-market Success



...the image changes anywhere else, we will immediately match the price.

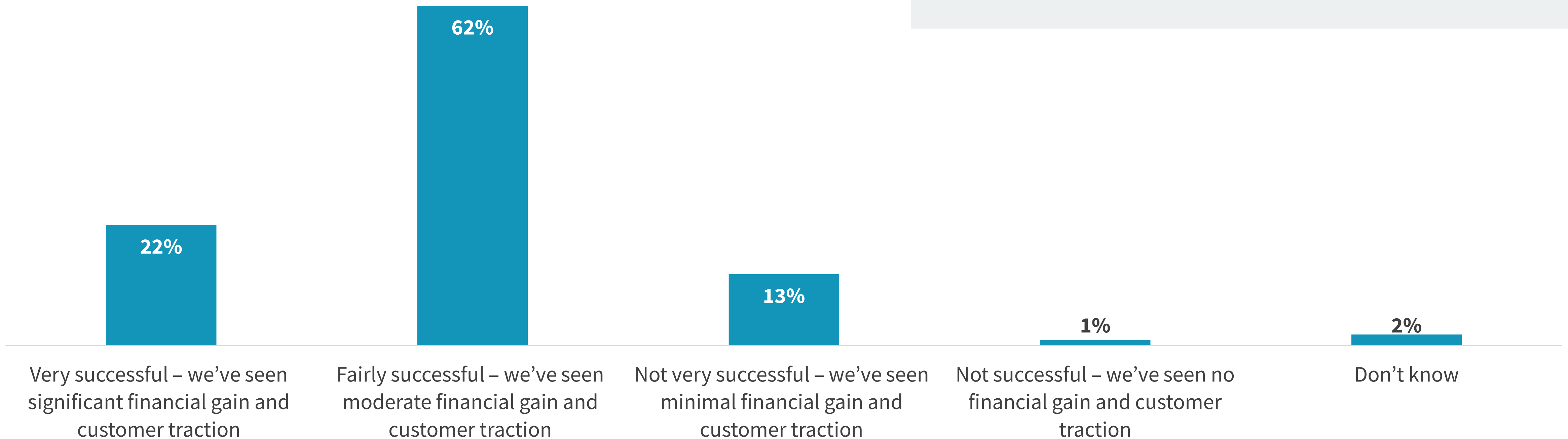
...the image changes anywhere else, we will immediately match the price.



## Only 1 in 5 partners effectively bring new security services to market.

### Top Vendors + Pax8 Cloud Marketplace Can Lead the Way

| Success level of sales efforts when introducing a new security service.



PARTNERS SAY:

“Vendors can help, particularly by providing leads and sales training”

## Effective MSP Business Models Are All About End-to-end Efficiency

MSPs of all sizes are now delivering an expanding range of managed security services to small, medium, and enterprise-level clients.



Vendor Selection



Operational Efficiencies



Business Model Transformation

### ESG INSIGHT:

**Leading MSPs understand** that ongoing viability is largely predicated on a focus on efficiency in every part of their businesses in order to deliver strong top and bottom lines.

**MSPs now look carefully at vendor choices** – evaluating leading technology, a fast path to profitability, and long-term customer relationships.

**Vendors that enable partners** to become self-sufficient and provide support to operationalize their services are clear leaders and will grow their partner share of wallet. These leaders invest in programs to support:

- Sales and marketing enablement.
- Strong training – especially technical.
- Services development.



Pax8 is modernizing how partners buy, sell, and manage cloud. As a born-in-the-cloud company, Pax8 simplifies the buying journey, empowering its partners to achieve more with cloud technology.

The company's technology displaces legacy distribution by connecting the channel ecosystem to its award-winning transactional cloud marketplace. Through billing, provisioning, automation, industry-leading PSA integrations, pre- and post-sales support, and education, Pax8 is a proven disruptor in the market.

Pax8 has ranked in the Inc. 5000 for four consecutive years—#68 in 2018, #60 in 2019, #111 in 2020, and #164 in 2021—as one of the fastest-growing private companies in the US. If you want to be successful with cloud, you want to work with Pax8. Get started today at [www.pax8.com](http://www.pax8.com).

**GET STARTED**

#### **ABOUT ESG**

Enterprise Strategy Group is an integrated technology analysis, research, and strategy firm providing market intelligence, actionable insight, and go-to-market content services to the global technology community.



Axcient is an award-winning leader in business availability software for Managed Service Providers (MSPs). Axcient x360 empowers MSPs to Protect Everything™ by combining SaaS Backup, BCDR, and secure File Sync & Share into one platform and experience for MSPs. Trusted by MSPs worldwide, Axcient protects businesses data and continuity in the event of security breaches, human error, and natural disasters. For more information, visit [www.axcient.com](http://www.axcient.com).



Phishing attacks remain the single biggest cybersecurity threat companies faces today. Every day criminals launch billions of new phishing attacks. Defending against today's advanced threats requires a stronger layered approach to email security. IRONSCALES' best-in-class email security platform is powered by AI, enhanced by thousands of customer security teams, and is built to detect and remove threats in the inbox. IRONSCALES also equips end users with safer security practices through security awareness training. IRONSCALES offers a solution that is fast to deploy, easy to operate, and is unparalleled in the ability to stop all types of email threat. Learn more at [www.ironcales.com](http://www.ironcales.com).



Microsoft is a leader in modern business technology, empowering teams in the evolving workplace. Microsoft enables users to work from anywhere, with increased productivity, while maintaining the highest level of security. Microsoft's integrated cloud services assist in the construction, deployment, and management of business applications. Additionally, Microsoft tools allow users to improve overall service while accelerating sales and increasing team productivity. Microsoft has multiple focus area with security as the foundation for all. Microsoft enables companies to achieve more while keeping security at the forefront with unmatched security tools to protect organizations from threats across devices, identities, apps, email, data, cloud workloads and more.



Proofpoint, Inc. is a leading cybersecurity company that protects organizations' greatest assets and biggest risks: their people. With an integrated suite of cloud-based solutions, Proofpoint helps companies around the world stop targeted threats, safeguard their data, and make their users more resilient against cyber attacks. Leading organizations of all sizes, including more than half of the Fortune 1000, rely on Proofpoint for people-centric security and compliance solutions that mitigate their most critical risks across email, the cloud, social media, and the web. More information is available at [www.proofpoint.com](http://www.proofpoint.com).

All product names, logos, brands, and trademarks are the property of their respective owners. Information contained in this publication has been obtained by sources TechTarget, Inc. considers to be reliable but is not warranted by TechTarget, Inc. This publication may contain opinions of TechTarget, Inc., which are subject to change. This publication may include forecasts, projections, and other predictive statements that represent TechTarget, Inc.'s assumptions and expectations in light of currently available information. These forecasts are based on industry trends and involve variables and uncertainties. Consequently, TechTarget, Inc. makes no warranty as to the accuracy of specific forecasts, projections or predictive statements contained herein.

This publication is copyrighted by TechTarget, Inc. Any reproduction or redistribution of this publication, in whole or in part, whether in hard-copy format, electronically, or otherwise to persons not authorized to receive it, without the express consent of TechTarget, Inc., is in violation of U.S. copyright law and will be subject to an action for civil damages and, if applicable, criminal prosecution. Should you have any questions, please contact Client Relations at [cr@esg-global.com](mailto:cr@esg-global.com).



**Enterprise Strategy Group** is an integrated technology analysis, research, and strategy firm providing market intelligence, actionable insight, and go-to-market content services to the global technology community.

© 2021 TechTarget, Inc. All Rights Reserved.