



# The Infrastructure Profitability Guide

How MSPs Unlock Higher Margins, Reduce Client Costs and Build the Backbone for the AI-Driven Future

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# Infrastructure matters

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In fact, it's one of an MSP's most powerful growth levers, yet it's often one of the hardest areas to make consistently profitable. Why? Because most MSPs don't proactively sell infrastructure strategy, they respond to infrastructure emergencies.

Instead of starting modernization conversations early, this reactive cycle keeps MSPs in maintenance mode, supporting end-of-life hardware, compliance gaps and low-margin upkeep instead of high-value advisory services like pitching the cloud.

The focus shifts to fixing the immediate problem rather than developing a profitable long-term solution, leading to reactive vs. proactive planning.

Clients demand reliability, growth and business continuity, not infrastructure projects.

When MSPs wait for something to break, they compete on urgency and price rather than strategy and value.

## Reactively selling infrastructure leads to:

- Rushed projects
- Unoptimized strategy
- Shrinking margins
- Infrastructure cost vs. growth

# Placing Infrastructure at the Profit Center

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By leveraging secure, scalable cloud infrastructure, MSPs can turn server capacity into recurring revenue. Infrastructure strengthens cyber resilience while expanding service offerings, optimizing costs and elevating your role as a strategic partner.

## This guide will help you:

- Understand why cloud outperforms traditional on-prem models
- Increase margins through strategic infrastructure planning
- Identify new client opportunities
- Build a scalable, profitable infrastructure practice

The future is cloud infrastructure.  
The question is whether you're leading it.

# The Big 3: What Affects Infrastructure Margins

There are three key factors MSPs should consider when scaling their infrastructure margins. Sometimes, minor changes can have a significant impact. Uncover ways to maximize your business and reveal possible revenue you may be leaving on the table.

## 1. An Incorrect Size

When moving from on-prem to the cloud, it's critical to assess and right-size usage based on actual business needs. Too often, MSPs overpay for on-prem cloud migration due to poor sizing. This "lift-and-shift" approach leads to unnecessary costs and undermines one of the primary benefits of cloud adoption, cost savings.

**Next steps:**  
 Speak with an [infrastructure expert](#) to optimize costs, adjust cloud resources and reduce spending.

## 2. Shared Responsibility: Who Does What?

The shared responsibility model is the foundation of cloud security. Cloud providers secure the cloud itself, while customers are responsible for what happens in the cloud.

No matter the infrastructure model (IaaS, PaaS or SaaS), moving to the cloud reduces overhead, builds cloud expertise and allows MSPs to focus on delivering higher-value services like security, compliance management and ongoing consulting.

**Next steps:**

- Identify services to offload to the cloud with your Pax8 infrastructure consultant.
- Package consulting and support as premium offerings.
- Monitor post-migration margin improvements.

Responsibility		SaaS	PaaS	IaaS	On-prem
Responsibility always retained by the customer	Information and data	■	■	■	■
	Devices (Mobile and PCs)	■	■	■	■
	Accounts and identities	■	■	■	■
Responsibility varies by type	Identity and directory infrastructure	▲	▲	■	■
	Applications	■	▲	■	■
	Network controls	■	▲	■	■
	Operating system	■	■	▲	■
Responsibility transfers to cloud provider	Physical hosts	■	■	■	■
	Physical network	■	■	■	■
	Physical datacenter	■	■	■	■

### 3. Spinning Efficiency into Profitability

Time is money, and money is time. Cloud migration saves both by eliminating never-ending hardware maintenance, upgrading fees and troubleshooting. By shifting backend work to trusted providers, MSPs can focus on higher-value priorities like expanding services, strengthening expertise and driving profit.

#### Next steps:

- Audit how much time is spent on hardware-related tasks.
- Reinvest resources into improving customer experience.
- Track margin growth as your cloud strategy scales.

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# On-Prem vs. Cloud: Why the Cloud Always Wins

Infrastructure-as-a-Service (IaaS) falls into two models: On-premises and cloud. Both support data storage, applications, websites and user experiences, but they are very different.

- On-prem infrastructure: Relies on hardware managed on-site.
- Cloud infrastructure: Uses remote servers to store and process data online.

Think of it as owning versus renting. On-prem companies have 100% ownership and control of their hardware, storage, customization and maintenance. Cloud infrastructure relies on trusted providers.

Platforms like [AWS](#), [Windows 365](#) and Azure offer secure, usage-based pricing without the cost or maintenance of physical hardware. This flexibility lets MSPs scale offerings, meet client demand and increase profit.

The right infrastructure model depends on your business needs. Ownership doesn't drive profit. Outcomes do.

Category	On-Premises Infrastructure	Cloud Infrastructure
Location	Relies on hardware managed on-site.	Uses remote servers to store and process data online.
Upfront Investment	Requires significant upfront capital investment.	Lower upfront costs.
Pricing Model	Fixed costs and ongoing support fees.	Pay-as-you-go, usage-based pricing.
Maintenance and Updates	Requires ongoing maintenance, patching and upgrades.	Managed Provider-managed with continuous updates, innovations, and learning models, though some software patching may remain the partner's responsibility.
Security and Resilience	Vulnerable to outages, fires and physical risks.	Enterprise-grade security and disaster recovery.
Scalability	Limited scalability, dependent on hardware upgrades.	Fast, flexible, automated scaling.
Operational Expertise	Demands in-house IT teams to deploy, manage and optimize systems.	Provider-managed infrastructure and tooling.
Performance and Workloads	Limited by local compute capacity.	Optimized for data-heavy and advanced workloads.
Accessibility	Access limited to fixed locations.	Global access with internet connectivity.
Compliance Management	Managed internally by IT teams.	Shared responsibility with cloud providers.

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# Cloud Intelligence and the Agentic Future

Cloud intelligence is here and advancing fast. As cloud infrastructure and AI become more integrated, MSPs gain deeper insights, drive innovation and evolve into [Managed Intelligence Providers \(MIPs\)](#), enhancing their growth potential.

### Today's cloud services:

- Streamline integrations across systems.
- Enable scalable, flexible growth.
- Elevate and transform the end user experience.

On-prem solutions can't keep pace with the agentic future. Infrastructure enables intelligence. Intelligence drives profitability.

# AWS vs. Azure: Find Your Winning Platform

With numerous cloud options available, selecting the right platform can be overwhelming. To simplify the decision, we're comparing two of the most popular public cloud platforms partnered with Pax8: **Microsoft Azure** and **Amazon Web Services (AWS)**, to help you find the right fit for your MSP and clients.

## AWS vs. Azure: Comparing Cloud Solutions

Category	Microsoft Azure	Amazon Web Services (AWS)
Business Alignment	Ideal for businesses modernizing IT within the Microsoft ecosystem	Ideal for flexible, cloud-native workloads and application-driven environments
Global Reach	54+ regions worldwide, the largest regional footprint of any cloud provider	38+ regions and 120+ availability zones for high availability
Compliance and Regulation	Supports HIPAA, PCI-DSS, FedRAMP, ISO and more  Meets top compliance requirements	Supports HIPAA, PCI-DSS, SOC 2, ISO 27001 and more  Suited for regulated industries
Computing Services	Virtual Machines with customizable CPU, RAM and storage  Strong desktop virtualization (AVD)	EC2 virtual machines for Windows, Linux and specialized workloads
Storage Options	Multiple storage types for files, databases and backups	S3, EBS and Glacier for object, block and archival storage
Networking and Security	VPNs, network gateways, Azure Firewall, DDoS protection	VPC, CloudFront and scalable network architecture
Backup and Disaster Recovery	Automated backup and site recovery tools built for business continuity	Automated backup and disaster recovery solutions
Analytics and Insights	Built-in analytics tools to extract insights and support decision-making	Athena, Redshift and QuickSight for data analysis

## The Infrastructure Profitability Guide

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Best Use Cases	Microsoft-centric environments, AVD Virtual Desktop and Contact Centers	Cloud-native apps, ISVs and workload-heavy environments.
Common Adoption Trend	Frequently chosen by partners already using Microsoft 365 or Azure AD	Often selected by ISVs, developers and AWS-native customers
MSP Business Value	Resell compliant cloud services, optimize AVD for higher margins	Usage-based billing, migration and optimization services
Pax8 Programs and Partner Support	<a href="#">Azure Infrastructure Solution Consultant (ISC)</a> <a href="#">Azure Professional Services</a> <a href="#">Microsoft Partner Center for Azure</a> <a href="#">Azure Bootcamp</a> <a href="#">Azure Kickstart</a> <a href="#">Pax8 Academy Azure Training</a>	<a href="#">AWS Infrastructure Solution Consultant (ISC)</a> <a href="#">AWS Rewards Program</a> <a href="#">AWS Partner Network (APN)</a> <a href="#">AWS Bootcamp</a> <a href="#">Pax8 Academy AWS Training</a>

Azure and AWS both deliver scalable, secure cloud infrastructure, but the right choice depends on client needs, existing environments' compliance requirements and growth strategy.

With Pax8, partners can confidently position either platform with expert guidance from dedicated Infrastructure Solutions Consultants, 1:1 coaching, on-demand learning or instructor-led training with [Pax8 Academy](#).

# Infrastructure Profitability Checklist

Discover areas of opportunity to increase margins, reduce client costs and optimize services.

## Step 1: Identify Infrastructure Opportunities

Take inventory of all clients using on-prem infrastructure.

Identify aging or end-of-life hardware.

Flag clients with rising maintenance, performance or reliability issues.

Identify aging hardware, unsupported operating systems or business [continuity concerns](#).

Identify clients with growth, AI or automation initiatives on the roadmap.

## Step 2: Assess Before Migration

Perform a complete audit of applications, data and integrations.

Analyze actual workload usage (Network, CPU, RAM, disk and storage).

Determine what should move, modernize or remain on-prem.

## Step 3: Build a Cloud-First Infrastructure Roadmap

Define clear business outcomes for the migration.

Select the appropriate migration strategy (replatform, refactor, hybrid, etc.)

Define timelines, risk mitigation and success metrics.

Align roadmap with client budget and growth strategies.

Post-migration: Optimize costs, fortify security and implement governance tools.

## Step 4: Migrate with Margin in Mind

Execute migrations in phases to minimize risk.

Validate data integrity and application performance.

Avoid over-provisioning.

Implement cost controls and usage monitoring.

Ensure security and compliance configurations are in place.

Document architecture decisions and lessons learned.

### Step 5: Optimize and Monetize

Run 30/60/90-day optimization cycles.

Identify cost-saving and performance-improvement opportunities.

Implement governance, monitoring and alerting.

Package optimization, advisory and governance as recurring services.

Position optimization as an ongoing value, not a one-time task.

### Step 6: Track What Matters

Track monthly infrastructure margin growth.

Measure reduction in hardware maintenance hours.

Monitor increase in consulting and advisory revenue.

Track percentage of clients migrated to cloud or hybrid models.

Review KPIs regularly with your internal team and Pax8 consultant.

### Final Step: Engage an Expert

Schedule a strategy session with a Pax8 Infrastructure Solutions Consultant.

Review uncovered margin opportunities.

Refine service packaging and pricing.

Build a repeatable, scalable infrastructure practice.

This checklist is designed to help your MSP increase profitability, reduce operational overhead and position your business to lead in the cloud and agentic future.

If any part of this process feels unclear or misaligned, a [Pax8 Infrastructure Solutions Consultant](#) is ready to help you take the next step in transforming your business.

### KPIs You Can Start Tracking Today

- Percentage (%) of clients migrated to the cloud
- Monthly margin growth
- Reduction in hardware maintenance hours
- Increase in consulting revenue
- Number of bundled service packages sold

# Establish Scalable Infrastructure with Pax8

Pax8 enables MSPs to focus on what matters most: Delivering results, not managing hardware.

Move from reactive infrastructure support to a scalable, margin-driven infrastructure strategy. From discovery to delivery, our experts help uncover opportunities that align client needs with long-term MSP growth and success.

## Discover Your Opportunities

- Identify complex workloads and opportunities for infrastructure modernization.
- Learn how successful partners scale in AWS and Microsoft Azure.

## Design Your Future

- Get educated on infrastructure-led revenue streams.
- Gain business insights through proven peer growth strategies.
- Accelerate engineer learning curves with hands-on technical training.

## Deliver the Outcome

- Offload complex projects to [Pax8 Professional Services](#).
- Resolve issues faster through direct vendor engagement and escalation.
- Step up your training with ongoing technical and sales enablement.



# Ready to See What Cloud Infrastructure Can Do for You?

[Schedule a call](#)