



TD SYNEX

Direction of Technology 2023: TD SYNEX Ecosystem Report

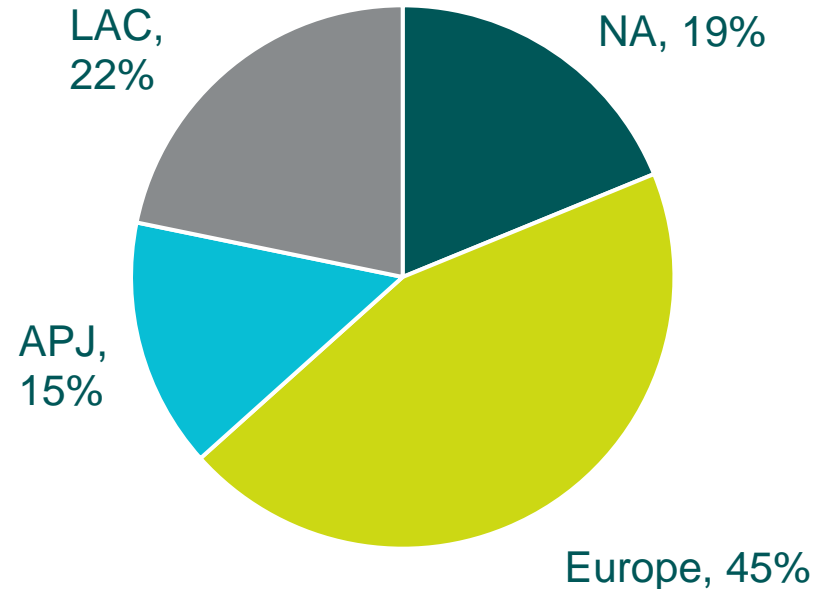
MSP Supplement

TD SYNEX survey 2023

The 2023 channel partner survey was conducted from May to July 2023 to assess the B2B channel's outlook and sentiment for the year. The survey assessed partners' business performance, views on current business models, expectations for 2023 and beyond.

Partners were asked to provide feedback via an online questionnaire on Canalys' Candefero website. The survey captured feedback from 550 business to business channel partners from over 60 countries, spanning resellers, systems integrators, service providers, and MSPs.

Respondent breakdown by region



MSP Survey Feedback

Of the 550 global survey respondents this year, **227** identified as managed service providers. In this supplement, we review the responses from our global partners that consider themselves MSPs.

MSPs are positioned for growth – what does that look like?

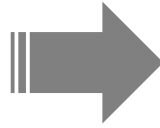
65% investing in business planning and consulting

80% expanding technology solution offerings, with an eye on selling new high growth technologies, moving *into global markets*, and *entering new industry verticals*.

IT managed services revenue grew 12% in 2022

US\$419 billion

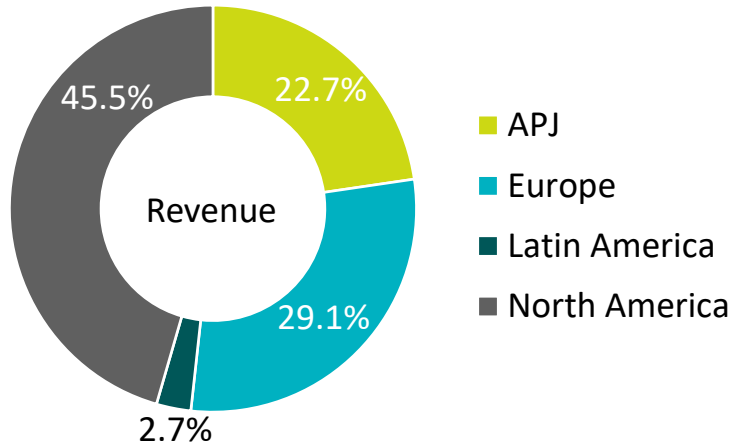
the value of managed IT services delivered by channel partners* globally in 2022.



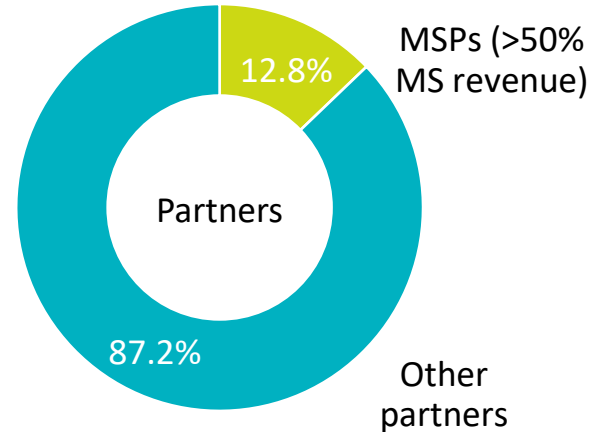
335,000

the number of channel partners globally that are delivering IT managed services.

Revenue from managed services, by region



Split by partner type



*excluding managed IT services delivered directly by vendors

Source: Canalis worldwide managed service provider opportunity database, MSP Analysis, July 2023

1

Skills gap remains a challenge, especially when it comes to hiring for high growth technology expertise.

- MSPs say that talent recruitment and retainment (46 percent) and ongoing technical education (33 percent) are among their top challenges, along with keeping up with the rapid technological change (45 percent).
- Not surprisingly, Data Analytics (33 percent), security (26 percent), networking (24 percent) and AI/ML (22 percent) are the top skills they are hiring for, in line with the solutions they anticipate driving the most revenue in the coming years.

2

MSP revenue expectations are in line with the wider channel expectations, but the revenue mix varies from the wider channel.

- 75 percent of respondents expect revenue growth in 2023 and beyond. On average those self selecting as an MSP derive 20 percent of revenue from the sale of managed services, compared to 15 percent in overall channel.
- Three quarters of MSPs ranked as very important or important, growth through acquisition (73 percent) or organically (77 percent). Less than half (47 percent) cited actively seeking a buyer as important.

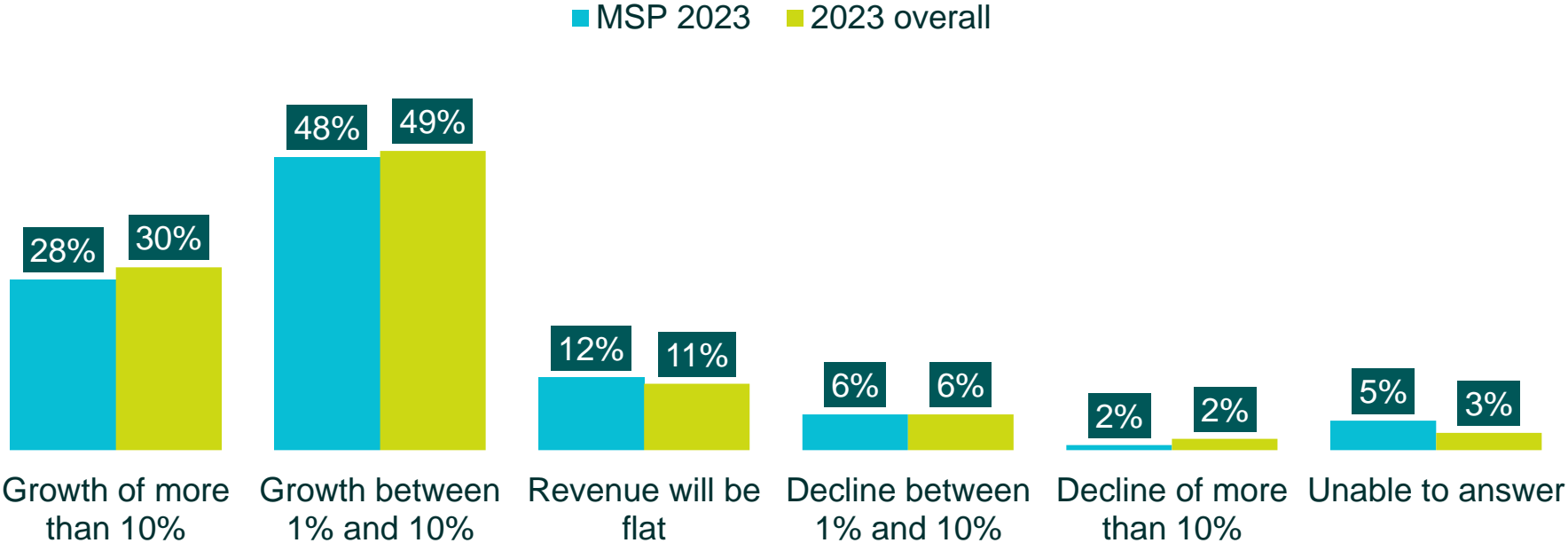
3

Regulatory pressures are real, with ESG jumping in importance.

- Approximately one-third of MSPs say that rapid regulatory change (36 percent) and meeting and documenting ESG standards (34 percent) are challenges to their business.
- While data protection (72 percent) and cybersecurity (54 percent) rank at the top of the list today, in two years' time that changes dramatically with ESG (42 percent) ranking at the top of the list compared to data protection (35 percent) and cybersecurity (38 percent).

Revenue expectations are similar across channel

Which statement best reflects your company's revenue performance this fiscal year, compared to the previous fiscal year? *Please choose one.*



Source: Canals, Candefero TD SYNEX survey, 227 MSP (self identifying) respondents, 550 global respondents 2023

High-growth technologies driving MSP revenue



Considering your business during the last 12 months, from the list of technologies, please choose the top three revenue drivers.

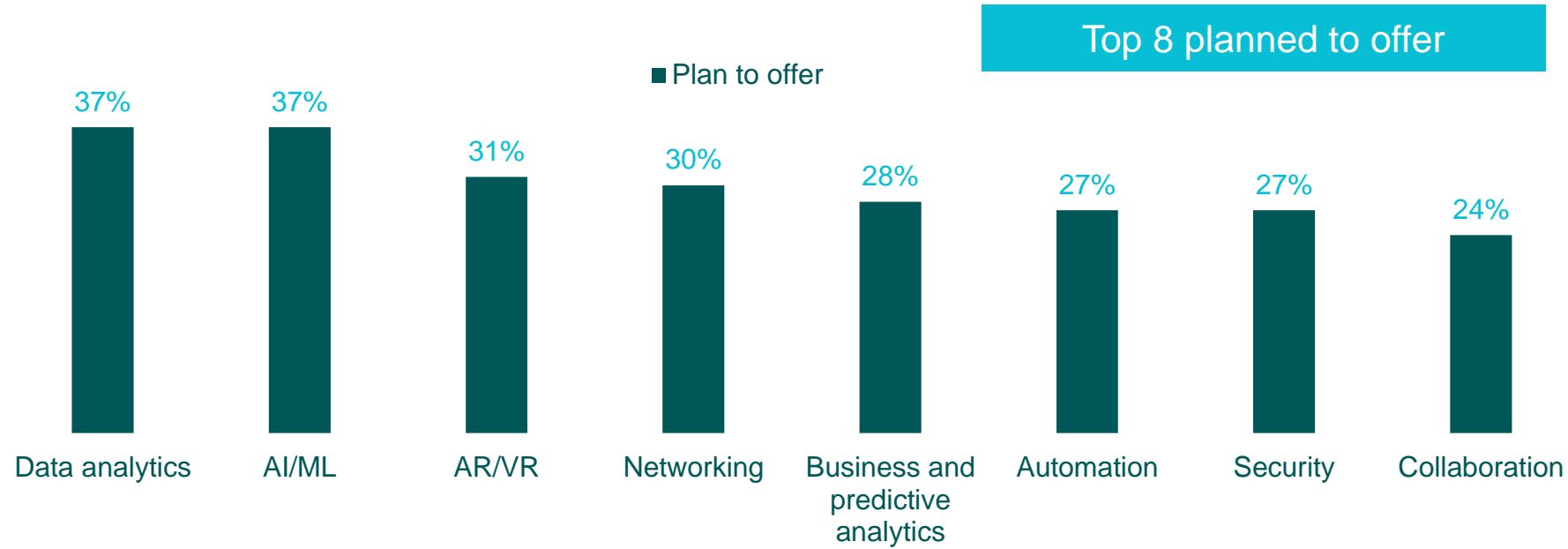
Top revenue drivers



Analytics, AI, AR/VR expected to drive future growth



Which technology solutions do you plan to offer in within 24 months? Select all that apply.

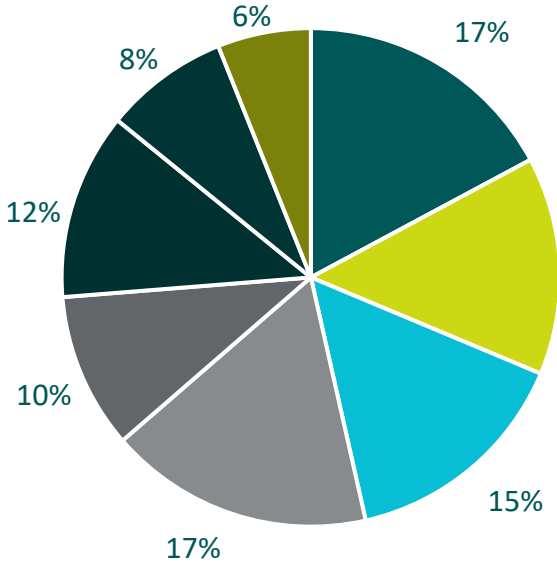


Source: Canalsy, Candefero TD SYNEX survey, 227 MSP (self identifying) respondents

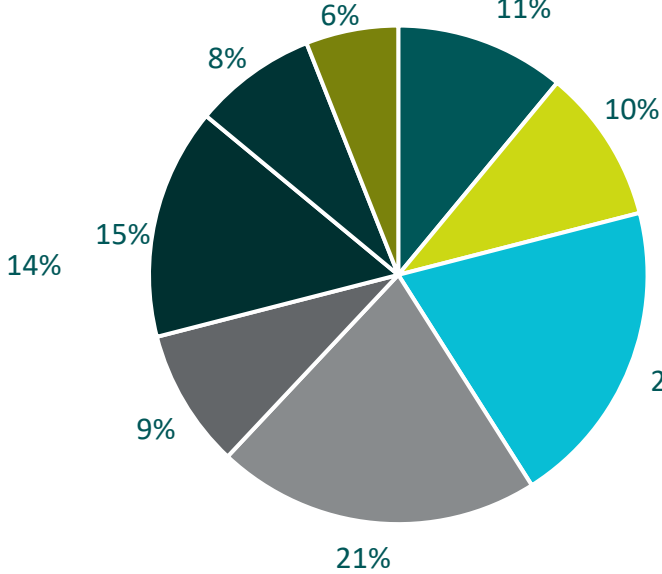
Services take an important share...

What percentage of your business is derived from the following today?
Average percentage across all respondents

2023 overall



MSP 2023



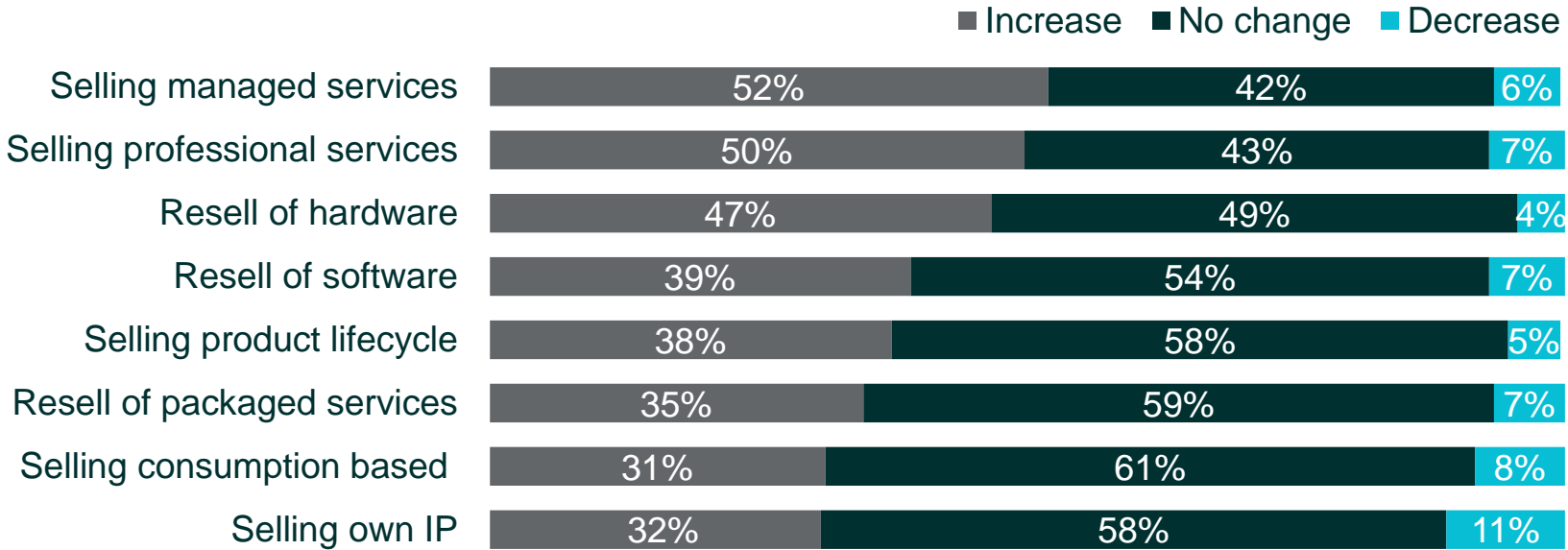
- Resell of hardware
- Resell of software
- Selling managed services
- Selling professional services
- Resell of packaged services
- Selling your own IP
- Selling product lifecycle services
- Selling consumption based XaaS

Source: Canalys, Candefero TD SYNEX survey, 227 MSP (self identifying) respondents, 550 global respondents 2023

...and shift to services continues in next three years



How will this change in three years time as a percentage of your total business?



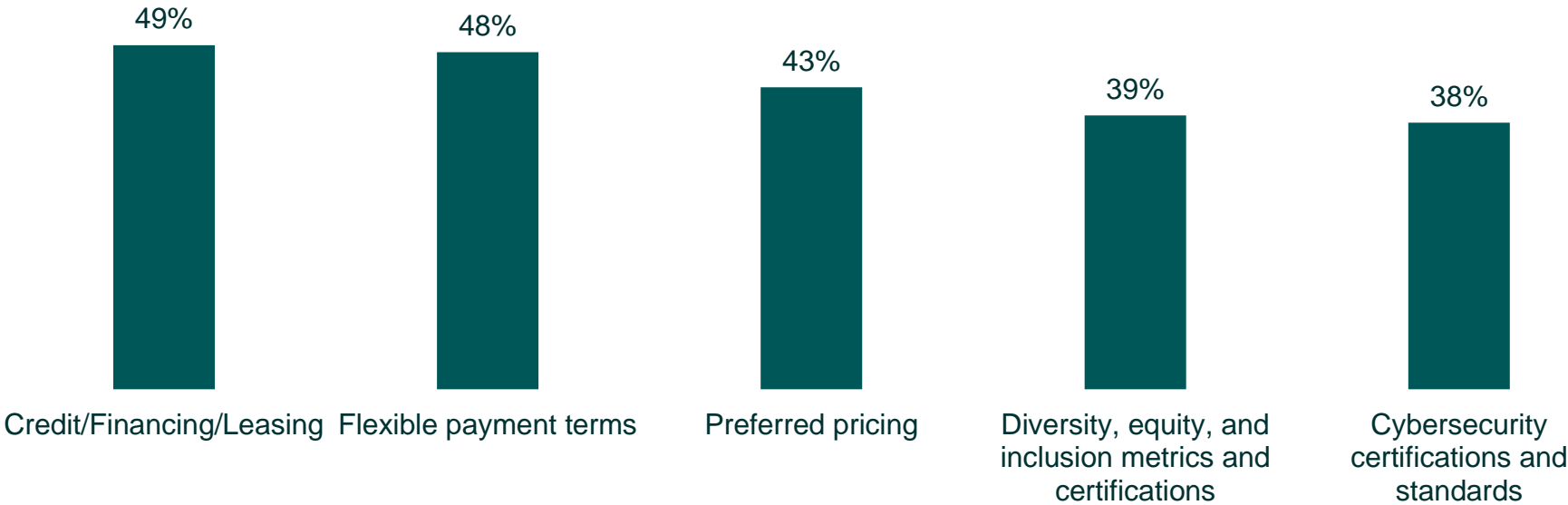
Source: Canalys, Candefero TD SYNnex survey, 227 MSP (self identifying) respondents

Financing, terms and pricing are vital



Which business solutions do you currently offer? Select all that apply.

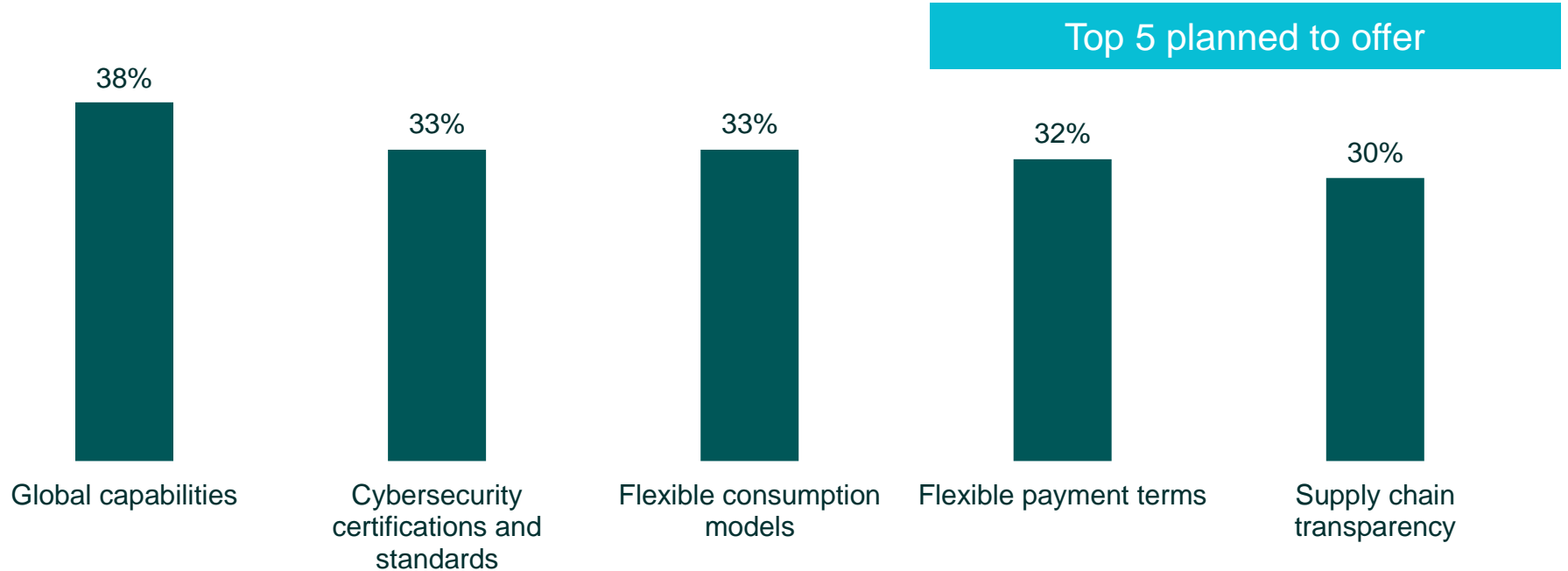
Top 5 currently offered



Source: Canalis, Candefero TD SYNEX survey, 227 MSP (self identifying) respondents

Partners look to globalize capabilities

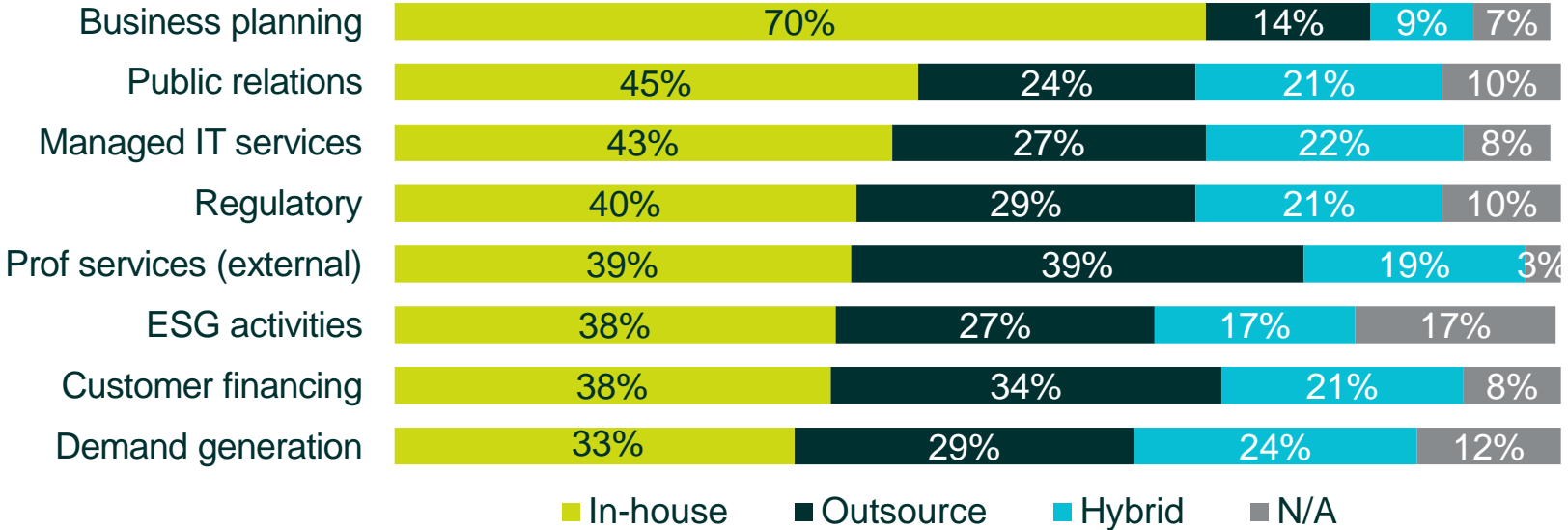
Which business solutions do you plan to offer within the next 24 months? Select all that apply.



MSPs look to partners for key business functions

How do you perform the following business functions? Please choose one option for each.

MSP 2023



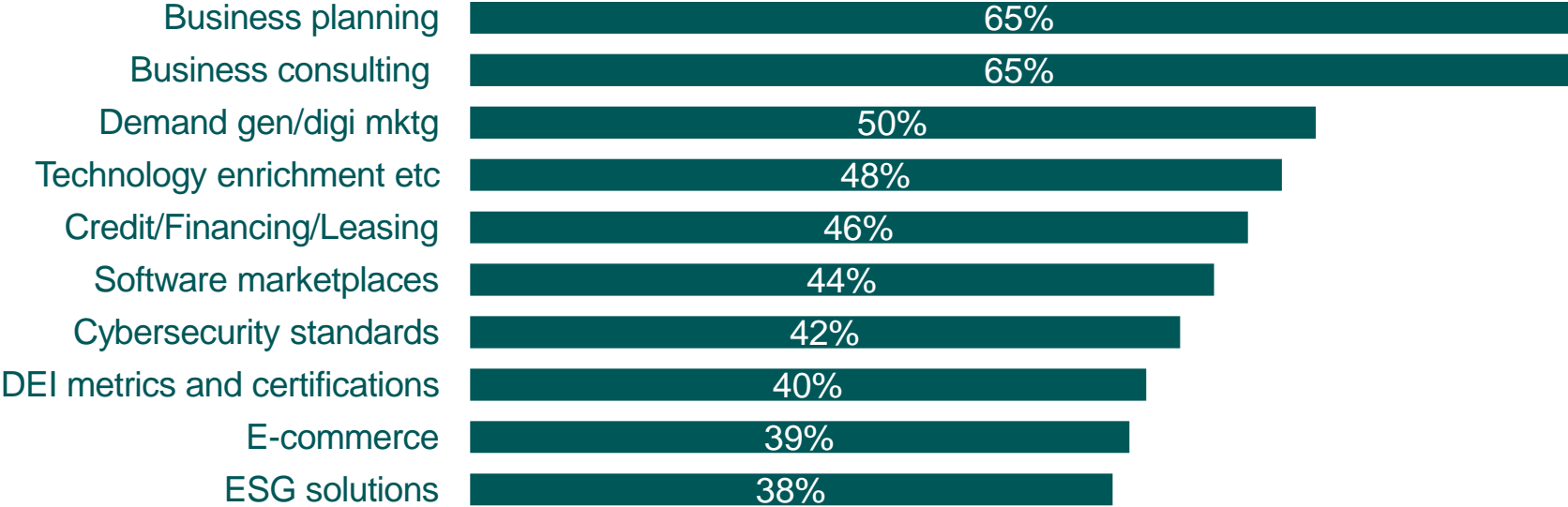
Source: Canalis, Candefero TD SYNEX survey, 227 MSP (self identifying) respondents

65% of MSPs investing in business planning and consulting



What areas of your business are you investing in? Please select all that apply in the next 12 months.

Top areas for investment (MSP)



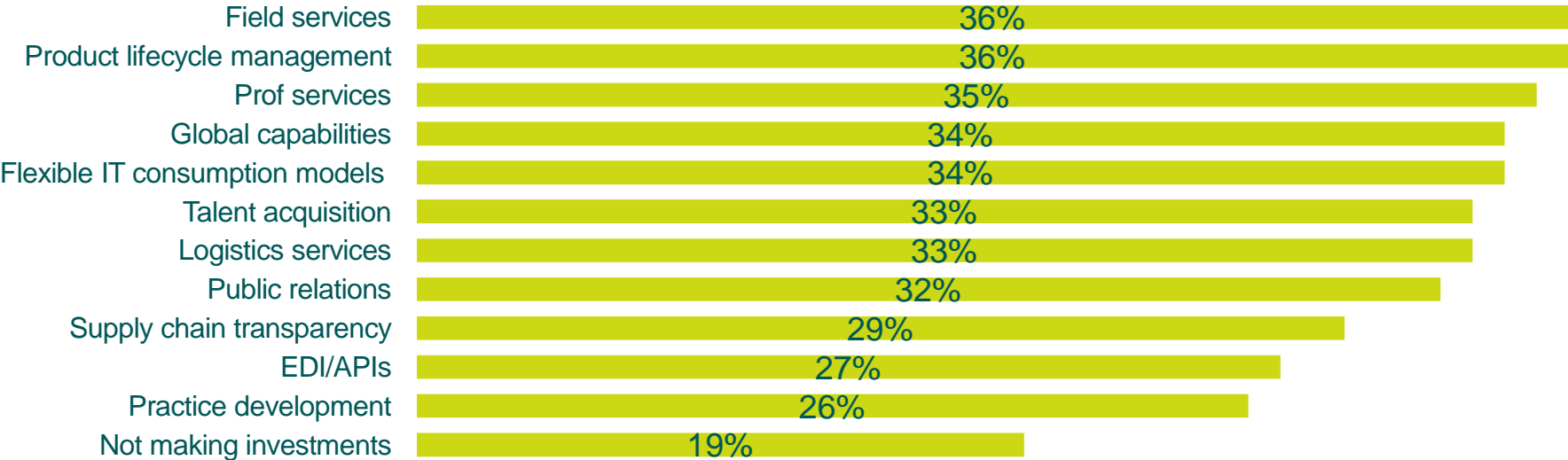
Source: Canalis, Candefero TD SYNEX survey, 227 MSP (self identifying) respondents

Less investment in EDI, supply chain and PR



What areas of your business are you investing in? Please select all that apply in the next 12 months.

Lower ranked areas for investment MSP

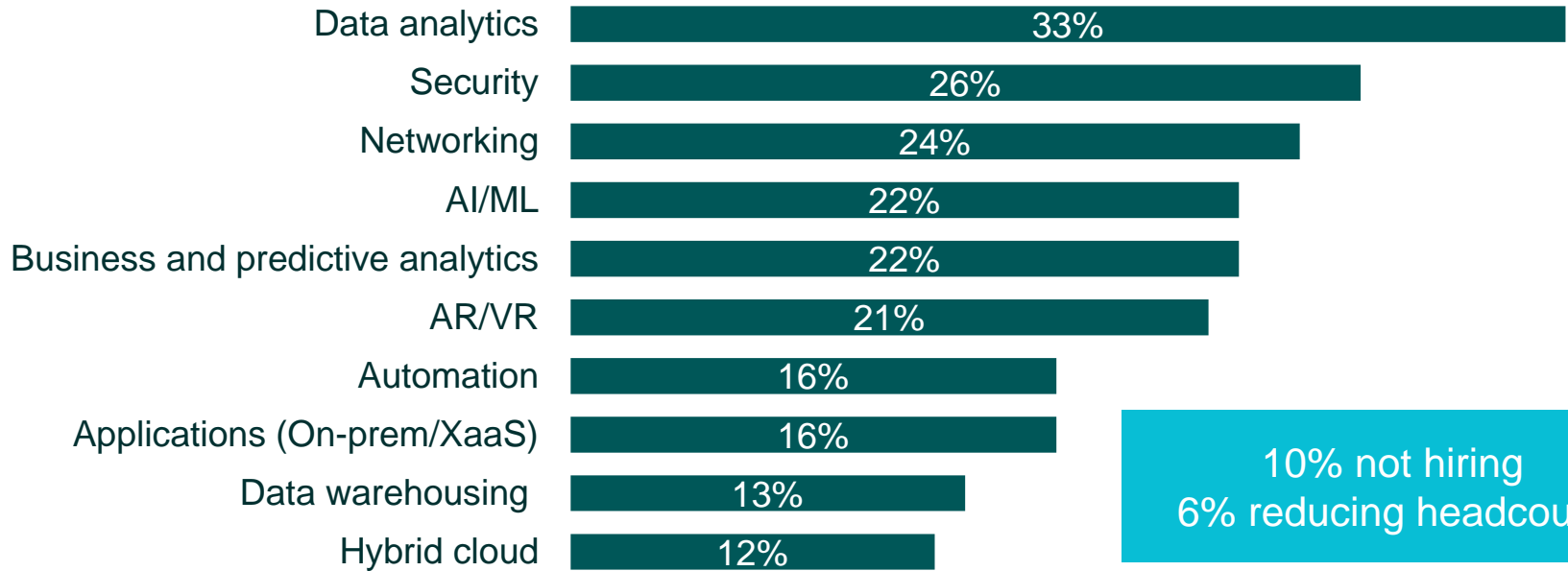


Source: Canals, Candefero TD SYNEX survey, 227 MSP (self identifying) respondents

Analytics and AI skills rise up the priority list



Which **technology** skill sets are you hiring for? Please choose top three priorities.



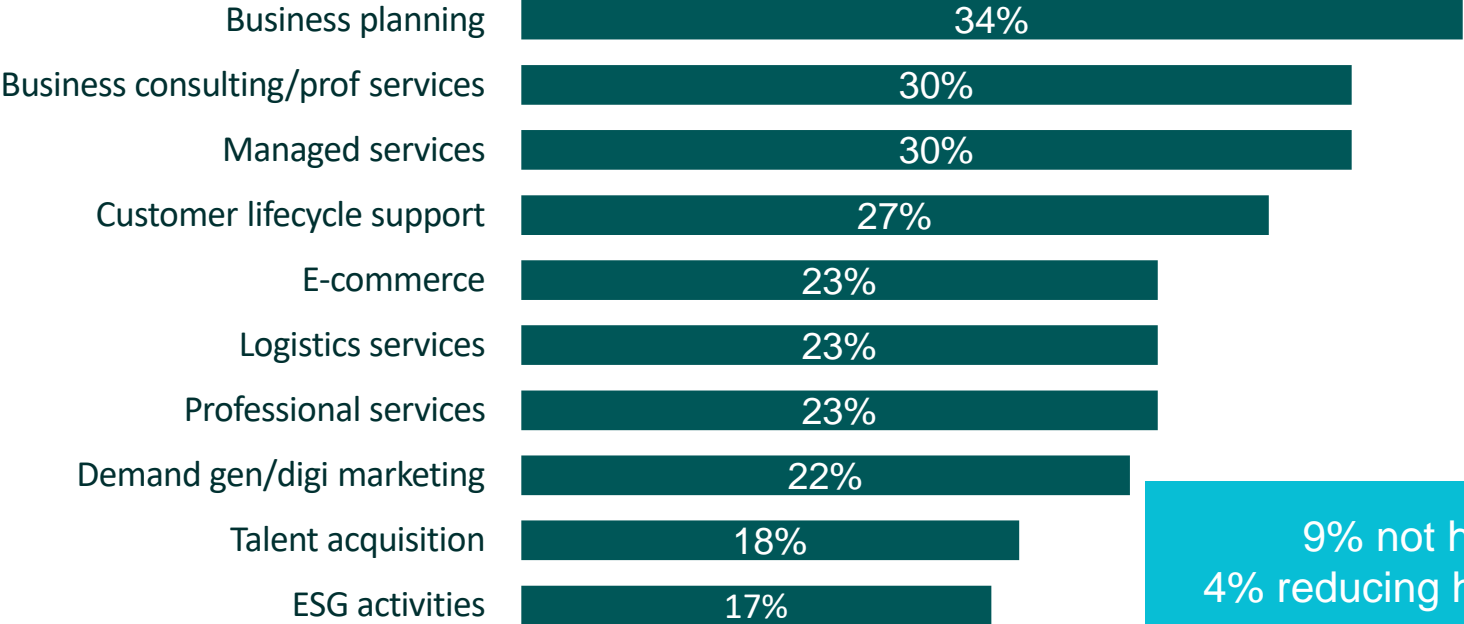
10% not hiring
6% reducing headcount

Source: Canalis, Candefero TD SYNEX survey, 227 MSP (self identifying) respondents

MSPs investing in services skills



Which **business** skill sets are you hiring for? Please choose top three priorities.



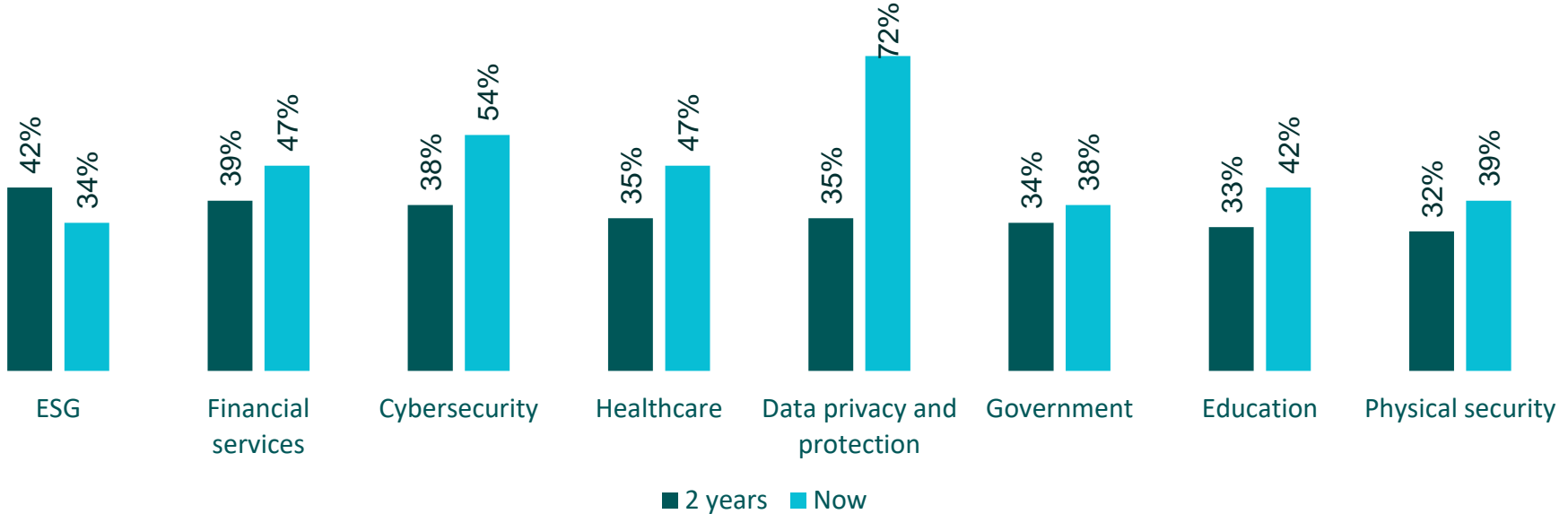
9% not hiring
4% reducing headcount

Source: Canalys, Candefero TD SYNEX survey, 227 MSP (self identifying) respondents

ESG to gain importance in the next two years



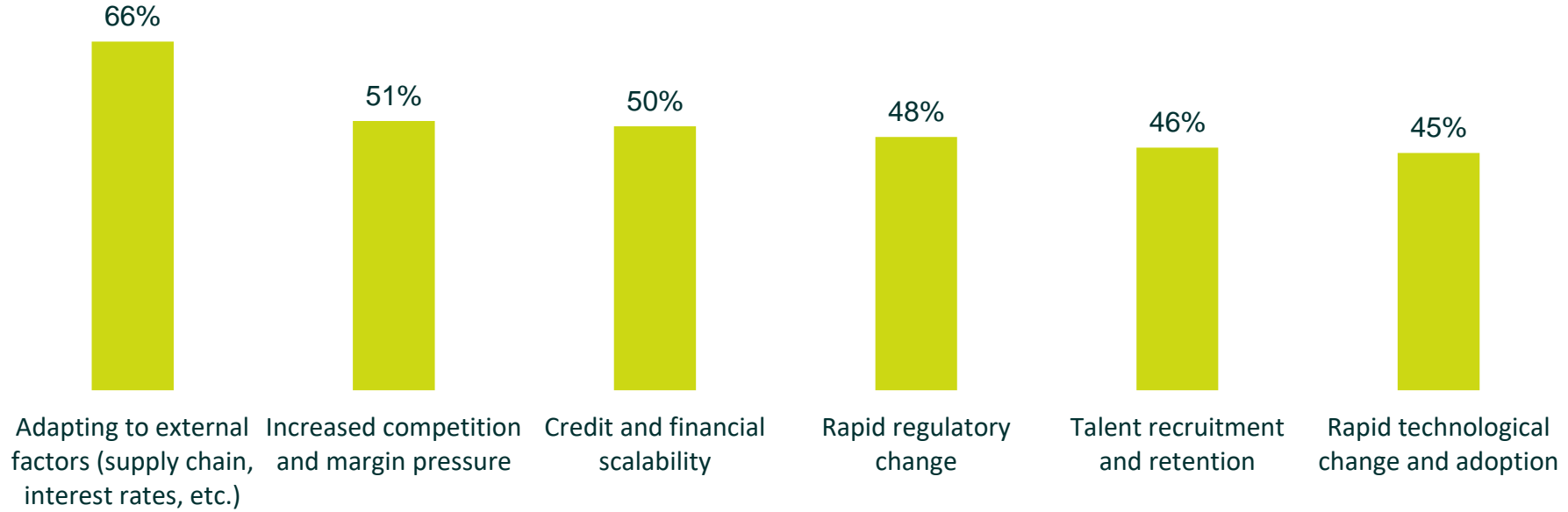
Which areas of regulatory expertise or certification are most important to your business today? Please choose all that apply today and in two years time and then select the most important area in two years time.



Source: Canalis, Candefero TD SYNEX survey, 227 MSP (self identifying) respondents

External factors have largest impact on MSP business

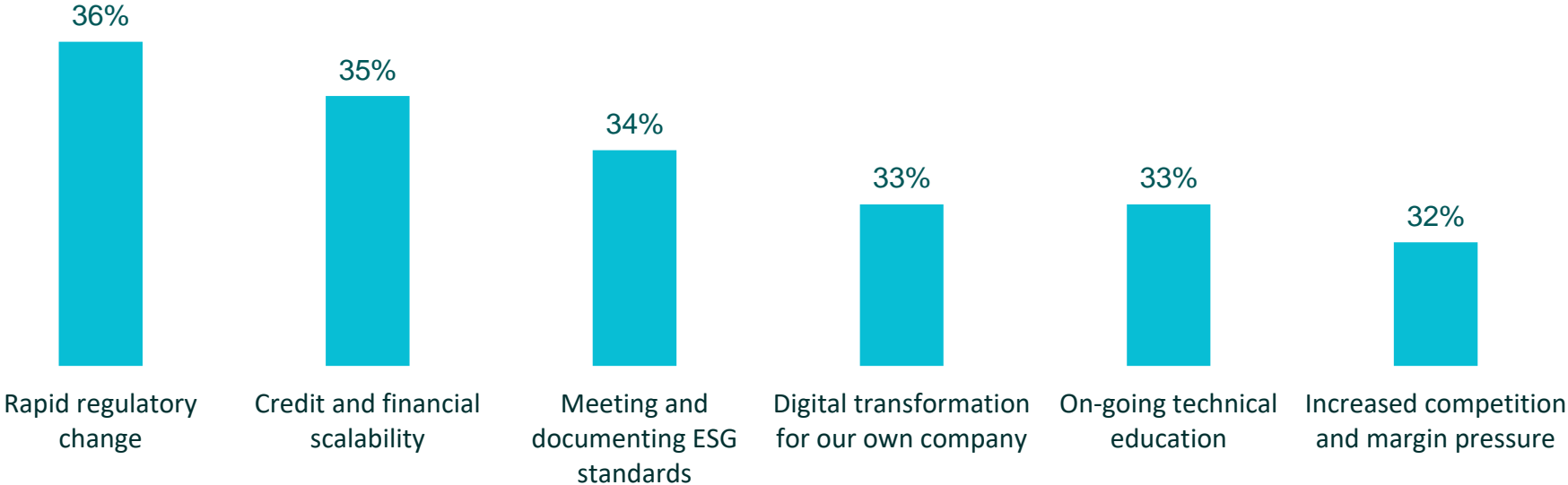
Consider the following business challenges please select all that currently impact your business.



Source: Canalys, Candefero TD SYNEX survey, 227 MSP (self identifying) respondents

Regulatory pressure expected in next two years TD SYNEX

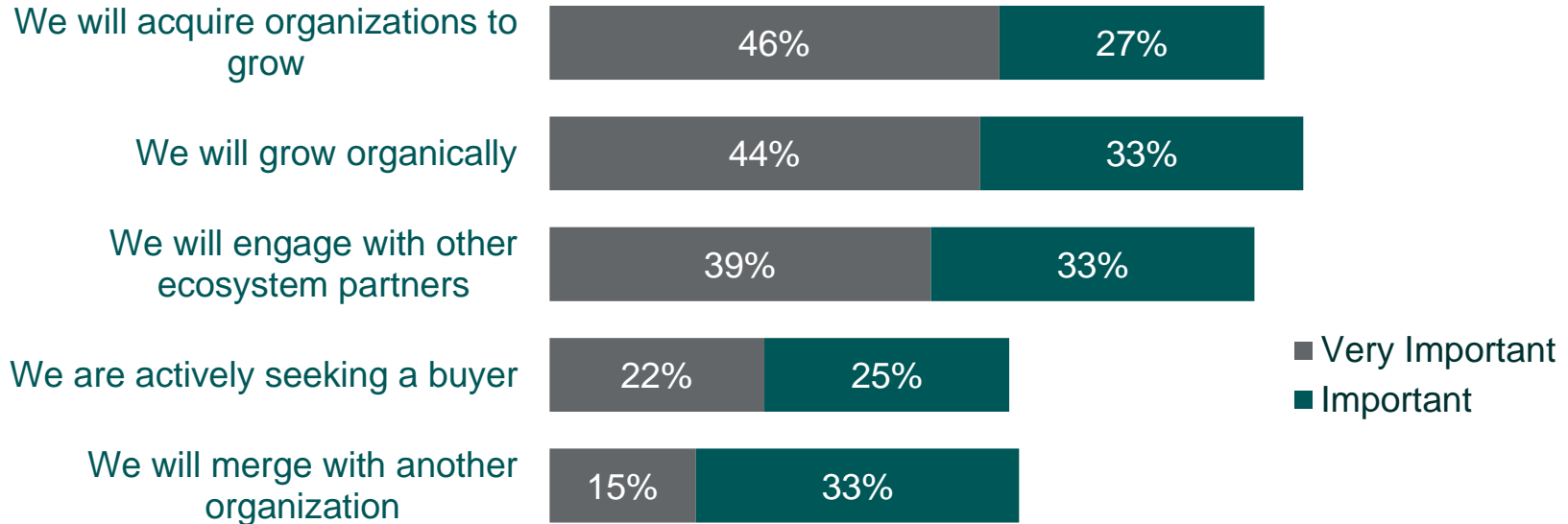
Consider the following business challenges please select all that will impact your business in two years time.



Source: Canalis, Candefero TD SYNEX survey, 227 MSP (self identifying) respondents

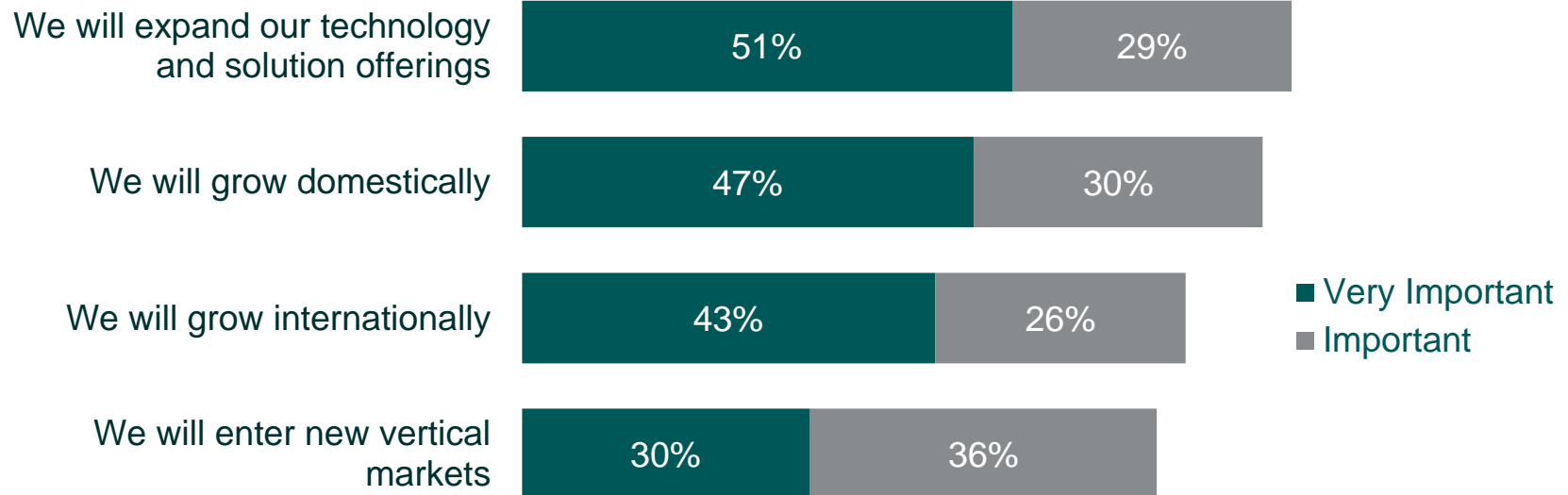
MSPs are focused on organic growth and M&A

Which of the following statements describe your organization's attitude toward growth?



80% of MSPs will expand through new offerings

Which of the following statements describe your organization's growth strategy?



Summary | MSPs Are Positioned for Growth

65% investing in business planning and consulting

80% expanding technology solution offerings, with an eye on selling new high growth technologies, moving *into global markets*, and *entering new industry verticals*.



Skills gap remains a challenge.

This is especially true in the high-growth market.



Revenue expectations align with the wider channel.

However, the revenue *mix* varies from the wider channel.



Regulatory pressures are real.

ESG has jumped in importance.