Target Financial KPIs
For Best-In-Class MSPs

Gross Margin Goal

Target = >60% for Services & Subscriptions, 30% for Hardware

Higher is Better

SG&A Goal

Target = <30%

(Sales, General & Admin Costs)

Lower is Better

EBITDA Goal

Target = 18%

Valuations are based on a Multiple of EBITDA

(Earnings Before Interest, Taxes, Depreciation and Amortization)

Higher is Better

Additional Operational Metrics to Keep in Mind for an MSP

Marketing Budget Allocation as a Percent of Revenue: Best in Class MSPs allocate 10% or more of total revenue towards marketing
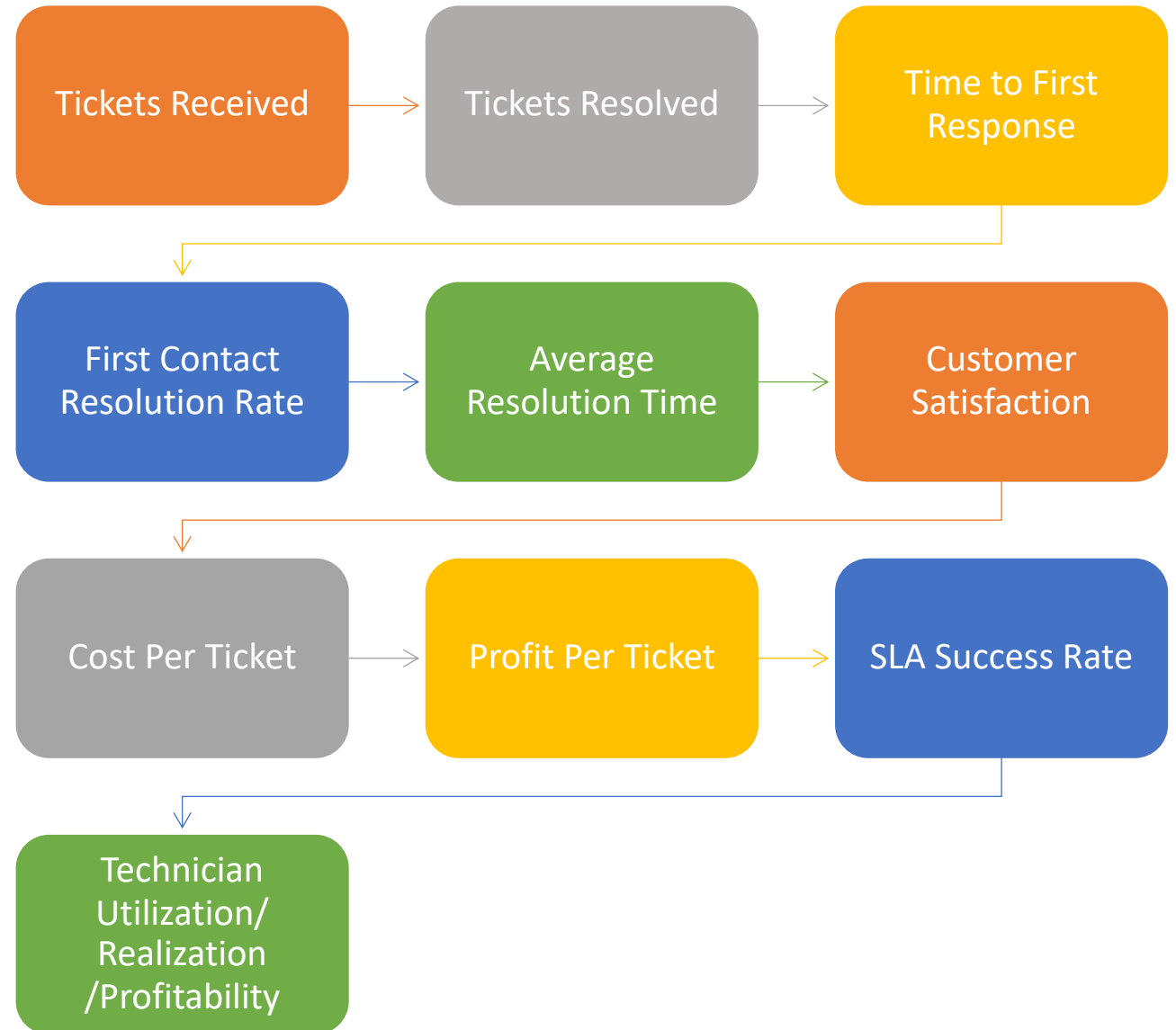
Work Pipeline: target 120 days worth of booked project and service work

MSP Customer Ratio: build to a 70% balance of total customers as MSP subscribers

Recurring Revenue as a Percent of Total Revenue: double this percentage year over year

MSP Gross Margin Target: Best in Class MSPs target a minimum of 60% for their MRR agreements

Project Management KPIs

Number of Active/Scheduled Projects

Overdue Tasks

Missed Deadlines

Percentage of Tasks Completed

Resource Utilization/Realization

Percentage of Projects Completed On Time/ On Budget

Number of Changes Requested/Approved (Change Management)

Budgeted Cost

Actual Cost

Successful Phase Review Percentage

Gross Profit/Net Profit

Client Satisfaction

Service Dispatch KPIs

- Level 1 incidents closed within 45 minutes

- **97%** Closes up to 97% of all requests with Level 1 resolution

- **15+** Tickets per day closed per Level 1 Technician

- Schedules onsite service only when incidents cannot be resolved remotely (*with a few exceptions)

- Meets or exceeds established SLAs

- Increases client satisfaction through standardized processes and reporting

- Meets and exceeds utilization and net profit targets through effective dispatch processes

Service Billing KPIs

UTILIZATION

- How much time technicians work

BILLING GOAL

- >2.5 X W2 – Higher is Better

REALIZATION

- How much time technicians work that is billable

- Activity vs. Productivity

REVIEW WEEKLY

*Incent through bonuses and commissions to achieve/exceed

What about Productivity?

Productivity	100%	75%	50%
True Cost Per Hour	$56.09	$74.79	$112.18

- 2080 hours assumes no vacations, sick days, holidays, training days, etc.
- Use chart to estimate your TRUE cost based on ACTUAL billable hours:
- Simple Formula:
- All Expenses/productive hours/billable FTE

Capacity Planning KPIs Service Desk Techs and Dispatchers

Based On

- Total Ticket Count Per Year
- % of Tier 1, 2, 3 and Onsite Tickets
- SLA

Required Data

- Total Tickets
- Tiering and Onsite Ticket Segmentation %
- Time Allotted Per Ticket Type Before Escalation
- Number of Hours Available by Tech per Month
- Number of Available Techs Per Tier
- Number of Available Dispatchers

Expected % of Tier 1 Tickets out of 100%	90%				
Expected % of Tier 2 Tickets out of 100%	7%				
Expected % of Tier 3 Tickets out of 100%	3%				
Expected % of Overall Tickets Escalated to Onsite Support	20%				
Trouble Ticket Calculation		Tier 1	Tier 2	Tier 3	Onsite
Number of tickets per year (calls, email and/or Web requests)		60000	4200	1800	12000
Targeted work time per ticket (in minutes)		45	90	180	180
Total required work hours per help desk tier		45000	6300	5400	36000
Help Desk Staffing		Tier 1	Tier 2	Tier 3	Onsite
Current existing number of technicians per tier		41.18	5.77	4.94	32.94
Forecasted number of FTE technicians needed per tier		41.18	5.77	4.94	32.94
Over/Under Capacity		0.00	0.00	0.00	0.00
Dispatch Staffing					
Current existing number of Dispatchers		2.50			
Forecasted number of Dispatchers needed		2.50			
Over/Under Capacity		0.00			

Target = N+1.5

Capacity Planning KPIs for Project Managers, Coordinators and Implementors

Expected # of Projects Per Year	200
Expected # of Projects Per Month	16.67
Average Hours per Project	100
Total PM Time % Per Project	10%
Total Project Coordinator Time % Per Project	30%
Total Project Implementor Time % Per Project	100%
Total Project Hours Per Year	20000
Total Project Hours Per Month	1666.67
Total PM Project Hours Per Month	166.67
Total PM Project Hours Per Year	2000
Expected # of PMs Per Year	1.83
Expected # of PMs Per Month	1.83
Total Project Coordinator Hours Per Month	500.00
Total Project Coordinator Hours Per Year	6000
Expected # of Project Coordinators Per Year	5.49
Expected # of Project Coordinators Per Month	5.49
Total Project Implementor Hours Per Month	1666.67
Total Project Implementor Hours Per Year	20000
Expected # of Project Implementors Per Year	18.30
Expected # of Project Implementors Per Month	18.30

Project Staffing	Project Manager	Project Coordinator	Implementor
Current existing number of Project Resources	1.83	5.49	18.30
Forecasted number of Project Resources needed	1.83	5.49	18.30
Over/Under Capacity	0.00	0.00	0.00

Based On
- Number of Projects Per Year
- Average Hours Per Project

Required Data
- % of Total Project Manager Time Per Project
- % of Total Project Coordinator Time Per Project
- % of Total Project Implementor Time Per Project
- Number of Hours Available by PM, Coordinator and Implementor per Month
- Number of Available PMs, Coordinators and Implementors

Capacity Planning KPIs for On-Boarding Techs and Engineers

Based On

- Number of New Clients Per Year

- Hours to On-Board Each Client

Required Data

- Number of Hours Available by On-Boarding Engineers per Month

- Number of Available On-Boarding Engineers

Expected % of Tier 1 Tickets out of 100%	90%			
Expected % of Tier 2 Tickets out of 100%	7%			
Expected % of Tier 3 Tickets out of 100%	3%			
Expected % of Overall Tickets Escalated to Onsite Support	20%			
Trouble Ticket Calculation	**Tier 1**	**Tier 2**	**Tier 3**	**Onsite**
Number of tickets per year (calls, email and/or Web requests)	60000	4200	1800	12000
Targeted work time per ticket (in minutes)	45	90	180	180
Total required work hours per help desk tier	45000	6300	5400	36000
Help Desk Staffing	**Tier 1**	**Tier 2**	**Tier 3**	**Onsite**
Current existing number of technicians per tier	41.18	5.77	4.94	32.94
Forecasted number of FTE technicians needed per tier	41.18	5.77	4.94	32.94
Over/Under Capacity	0.00	0.00	0.00	0.00
Dispatch Staffing				
Current existing number of Dispatchers	2.50			
Forecasted number of Dispatchers needed	2.50			
Over/Under Capacity	0.00			

Target = N+1.5