IT managed services.

The 2026 operating and M&A signals that matter

A field view for MSP owners, private equity investors, and M&A advisors. Prepared by Jack Pitts and Connor Pitts.

Quality of revenue is driving capital.

~$350B
global managed services market, 2025

120+
transactions in Q1 2026

71%
reported cybersecurity revenue growth

~60%
recurring revenue across the 2026 MSP 501 average

01 / DEMAND

The capability gap keeps widening

SMBs need cloud, security, compliance, data, and AI expertise they rarely build in-house.

Mission-critical demand supports retention

02 / ECONOMICS

Recurring mix is the engine

Managed-services MRR can support predictable cash flow. Resale, projects, and pass-through revenue should be separated.

Revenue quality matters more than revenue size

03 / STRUCTURE

Fragmentation creates runway

Buy-and-build remains viable, but integration capacity is becoming the constraint for scaled platforms.

A playbook is more valuable than a logo count

The category is attractive. The asset still has to prove recurrence, retention, and transferability.

Sources: Drake Star, Q1 2026 MSP Market Report; Kaseya, 2026 State of the MSP; MSP 501, 2026.

The MSP underwriting case is changing.

01

Cyber and BCDR remain proven cross-sell

71% reported cybersecurity revenue growth; 50% reported BCDR growth. These remain the clearest expansion lanes.

02

AI demand is not yet quality revenue

48% rank AI and automation first, but only 13% earn meaningful revenue. Buyers will separate real services from license resale.

03

Automation needs a margin bridge

53% automate core workflows, yet most have automated only about 25% of workload. The diligence question is realized margin lift.

04

New-logo growth deserves more diligence

71% cite customer acquisition as the top challenge. The share reporting typical client spend above $25K fell from 75% to 41%.

05

Capability M&A needs an economic case

The best add-ons produce cross-sell, margin lift, or vertical authority. Geography alone is not a thesis.

Sources: Kaseya, 2026 State of the MSP; Drake Star, Q1 2026 MSP Market Report.

Premiums are earned below the topline.

Sophisticated buyers rebuild the earnings story from contracts, cohorts, service-line margins, and management ownership. The headline growth rate is only the starting point.

01

Organic growth

Reconcile growth to new logos, expansion, price, and churn. Acquired revenue is not an organic engine.

02

Recurring mix

Separate managed-services MRR from resale, projects, and pass-through revenue before applying a multiple.

03

Cohort retention

Gross revenue retention and cohort behavior are more useful than a single headline churn rate.

04

Concentration

Any customer above 20% can create repricing, structure, or retention-protection questions.

05

Management ownership

The second layer should own sales, service, and finance without depending on the founder.

06

Monetized capability

Security, compliance, cloud, or vertical specialization must show revenue and margin, not just branding.

A premium MSP can show the bridge from bookings to MRR to gross margin to cash.

Sources: CRN, May 2026; N2M Capital Advisors, June 2026; Auxo Capital Advisors, June 2026.

The buyer field is deep. Playbooks differ.

BUYER	BACKING / MODEL	CURRENT ANGLE
Evergreen	Permanent-hold, decentralized	47 acquisitions in 2025, including 33 MSPs; local operators and brands remain independent.
Thrive	Berkshire + Court Square	27 acquisitions since 2016; integrated cyber, cloud, compliance, and regional density.
Integris	OMERS Private Equity	Global SMB thesis; First Focus transaction remains pending, subject to approval.
Ntiva	PSP Partners	National pure-play MSP; vertical expertise and local-market density.
New Charter	Oval Partners	Equity-sharing network of local MSPs with an emphasis on managed-services quality.
The 20	Founder-led, peer-group-fed	49 completed deals; pre-alignment and standardized tooling support integration.
IT Solutions	Nautic Partners	Legal, healthcare, and financial-services focus; active regional add-on strategy.
Magna5	AEA Investors SBPE	AEA majority investment; national platform expanding security, compliance, and AI.

Fit is part of value. Integration model, rollover, governance, and role after close can outweigh headline price.

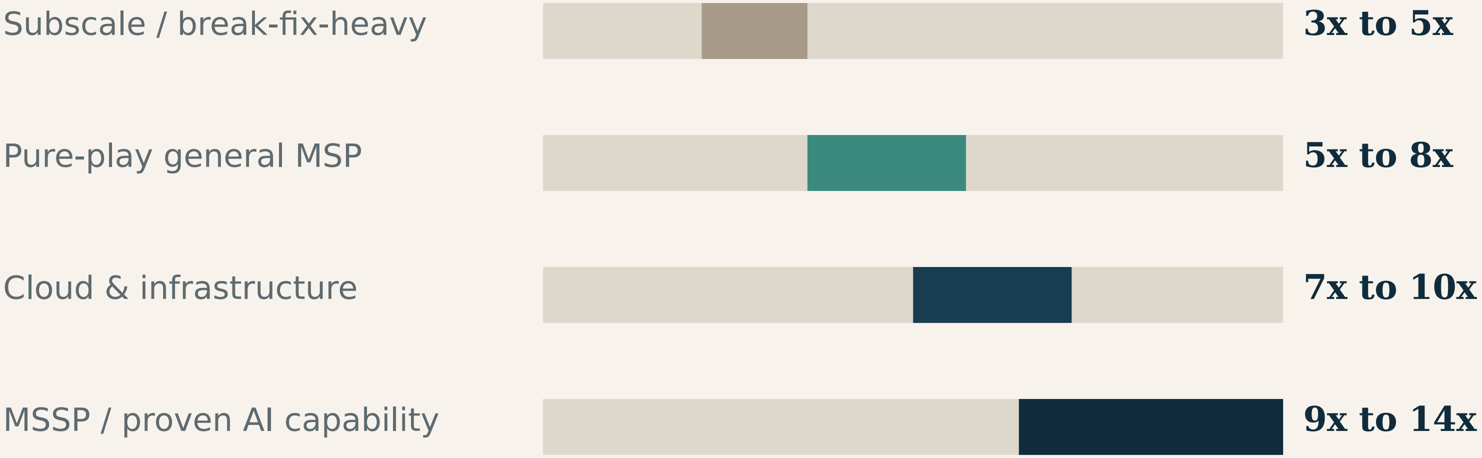
Sources: Company announcements through July 2026. Counts are company-reported and not directly comparable.

There is no single “MSP multiple.”

8.9x

median EV / EBITDA across 120 disclosed MSP transactions; median deal size was $38.5M

ILLUSTRATIVE EV / EBITDA RANGES



WHAT BUYERS PAY UP FOR

- ✓ Managed-services MRR, separated from resale
- ✓ Organic growth with cohort-level retention
- ✓ Cyber and AI capability with proof of revenue
- ✓ No material customer concentration
- ✓ Clean QoE bridge and service-line margins
- ✓ Management team that outlasts the founder

Illustrative ranges from cited market commentary, not a pricing opinion. Actual outcomes depend on EBITDA scale, mix, growth, risk, and structure.

Multiple follows evidence. Structure determines proceeds.

Sources: N2M Capital Advisors, June 2026; Aventis Advisors, January 2025; CRN, May 2026.

Recent deals show what buyers want.

JUL 2026

The 20 → Sundance Networks

AI and cybersecurity capability plus a peer-group-to-acquisition integration path.

APR 2026

Integris plans First Focus

Pending, subject to approval; first international step in a global SMB platform thesis.

FEB 2026

IT Solutions → Tech Superpowers

Asset acquisition extends specialized delivery and Boston / New England density.

FEB 2026

AEA Investors → Magna5

Platform recapitalization for further security, compliance, and AI-enabled expansion.

NOV 2025

Thrive → Worksighted

Fifth acquisition of 2025; Central U.S. density and a broader managed-services suite.

SEP 2025

Evergreen → Three Canadian MSPs

Three Alberta MSPs add cross-border density under a decentralized model.

The common thread: capability or density that changes the buyer’s base case.

Sources: Company transaction announcements, September 2025 through July 2026.

The premium cohort is getting narrower.

The market is still liquid, but buyers are getting more precise. The winning assets can prove recurring-revenue quality, organic growth, monetized capability, and transferability.

FOR OWNERS

Build the evidence before the process

Monthly MRR bridge, GRR, concentration, service-line margin, and founder role should reconcile before outreach.

FOR PE & PLATFORMS

Underwrite integration capacity

A capability thesis works only if sales, service delivery, tooling, and leadership can absorb it.

FOR BANKERS

Segment buyers by thesis

Permanent-hold, integrated-platform, and capability buyers can value the same asset differently.

If you own, invest in, or advise an MSP, compare notes with us.

Jack Pitts

CO-FOUNDER & PRINCIPAL

jack@saltcreekadvisory.com · 708.205.2788

Connor Pitts

CO-FOUNDER & PRINCIPAL

connor@saltcreekadvisory.com · 708.657.5419

saltcreekadvisory.com