



YOUR BENCHMARK BRIEF



Most MSPs don't struggle because of effort - they struggle because they lack clear, measurable visibility into profitability drivers with clear action steps to take.

Reasons MSPs Don't Grow

- » Not enough qualified leads
- » Not closing enough opportunities
- » Not retaining or scaling existing business

Reasons MSPs Aren't Profitable

- » Client profitability not actively managed
- » Underutilized employees
- » Unforced operational errors
- » Service delivery / CX issues
- » Missing or inefficient processes



Who is **FrictionlessIT?**

We provide services to IT and MSP businesses to help them grow by increasing MRR, landing new logos, and improving profitability and EBITDA through operational efficiencies.

Our competitive advantage is our Profit Intelligence Platform, FITware. Our team of growth experts, Service Leadership Coaches, and experienced operators leverage the tool to assess your business, pinpointing gaps and opportunities across your operations.

Our team ensures growth outcomes are achieved by taking ownership of execution; we implement the changes and drive adherence across your team.

FITware reinforces this through the Bonus Program, aligning behavior and incentives directly to profitability and EBITDA growth so improvements stick.

We provide clear visibility into performance and client impact through reporting and benchmarking, giving you a clear view of progress over time.



What This Report Does

This report analyzes 12 months of your operational data and compares it against high-performing MSPs to identify revenue leakage, efficiency gaps, and profitability risks.

It identifies:

- » Where revenue may be leaking
- » Where efficiency can be improved
- » Which clients may be unprofitable (or at risk)
- » What operational adjustments can increase margin

This is not opinion-based. It is derived from your ConnectWise data using FITware.



The Benchmark Areas Measured

High-performing MSPs focus on core operational levers that include:

1 Timely Time Entry

» Getting this base line function tuned in enables:

- ➔ Accurate productivity measurement
- ➔ Slack identification
- ➔ Client profitability analysis
- ➔ Knowledge base & repeat issue tracking

Total Entries

Geraldine Rosenbaum: 01/01/2025 - 03/31/2025

Total Records: 1174

Time Entry ID	Ticket #	Time Started	Time Ended	Date Entered	Diff (mins)
938737	5392246	1/1/2025 8:06 AM	1/1/2025 8:54 AM	1/1/2025 8:53 AM	-1
938817	5392246	1/1/2025 8:53 AM	1/1/2025 9:00 AM	1/1/2025 10:59 AM	119
938893	5392246	1/1/2025 10:59 AM	1/1/2025 12:33 PM	1/1/2025 12:32 PM	-1
938936	5377564	1/1/2025 1:34 PM	1/1/2025 1:49 PM	1/1/2025 1:49 PM	0
938955	5296906	1/1/2025 1:50 PM	1/1/2025 2:17 PM	1/1/2025 2:17 PM	0
938963	5388424	1/1/2025 2:17 PM	1/1/2025 2:40 PM	1/1/2025 2:40 PM	0
938965	5388424	1/1/2025 2:40 PM	1/1/2025 2:42 PM	1/1/2025 2:42 PM	0
938967	5381099	1/1/2025 2:42 PM	1/1/2025 2:43 PM	1/1/2025 2:43 PM	0
938974	5353890	1/1/2025 9:00 AM	1/1/2025 11:00 AM	1/1/2025 2:49 PM	229
938979	5353890	1/1/2025 2:45 PM	1/1/2025 2:59 PM	1/1/2025 2:59 PM	0
938984	5388669	1/1/2025 2:59 PM	1/1/2025 3:03 PM	1/1/2025 3:03 PM	0
938985	5388669	1/1/2025 3:03 PM	1/1/2025 3:03 PM	1/1/2025 3:03 PM	0
938999	5363826	1/1/2025 3:04 PM	1/1/2025 3:25 PM	1/1/2025 3:25 PM	0
939000	5381076	1/1/2025 3:26 PM	1/1/2025 3:27 PM	1/1/2025 3:27 PM	0

Rows per page: 250 1-250 of 1174

FrictionlessIT solves inaccurate ticket data & missing billable time by ensuring technicians enter time promptly and consistently.

2

Productive Hours

» Are your technicians:

- ➔ Underutilized = capacity for growth
- ➔ Overutilized = burnout, declining CX, need to hire



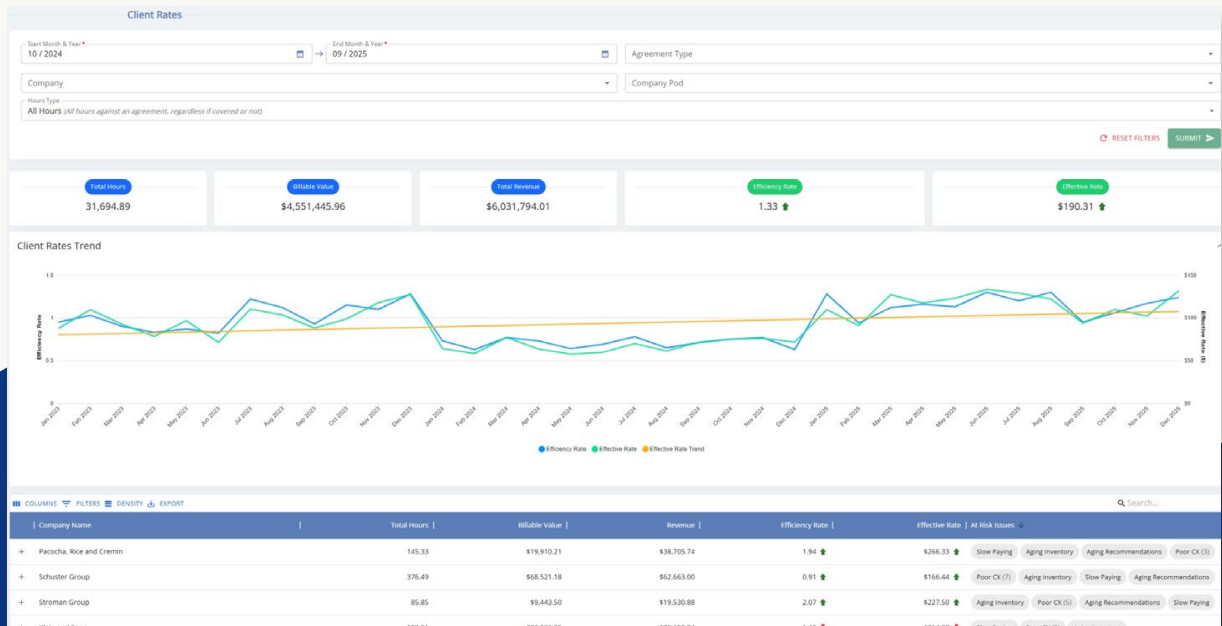
FrictionlessIT solves technician under-utilization by clearly showing how many productive hours each employee actually contributes and by ensuring you stay at 80% productive hours.

3 Client Effective Rate

What are you actually earning per client relative to effort?

» FITware identifies:

- ➔ Unprofitable clients
- ➔ Overly profitable clients at risk of churn



Frictionless IT solves not knowing which clients are profitable by showing the real margin and return on every agreement and increasing your effective rates. We solve not knowing which clients are at risk of leaving by showing at risk issues discovered in their service and financial data.



Timely Time Entry
enables accurate
visibility.



Productive Hours
optimizes your
workforce.



Client Rates
drive profitability
strategy.

Benchmark Standards

Your results were compared against these benchmarks from high performing MSPs:

» Timely Time Entry

- ➔ 95%+ same-day compliance
- ➔ 100% logging of billable hours

	What It Measures	High-Performance Range
Billable Hours %	% of available time invoiced to clients	70-80%
Productive Utilization %	Billable + high-value non-billable time	75-80%+ unadjusted (85% adjusted)
Actual Productive Hours	Raw productive hours logged	Based on your team's capacity & policies

» Client Rates

In your analysis FITware identifies:

- ➔ Clients generating losses
- ➔ Clients with declining trends
- ➔ Clients with financial risk or churn exposure



FITware's Findings

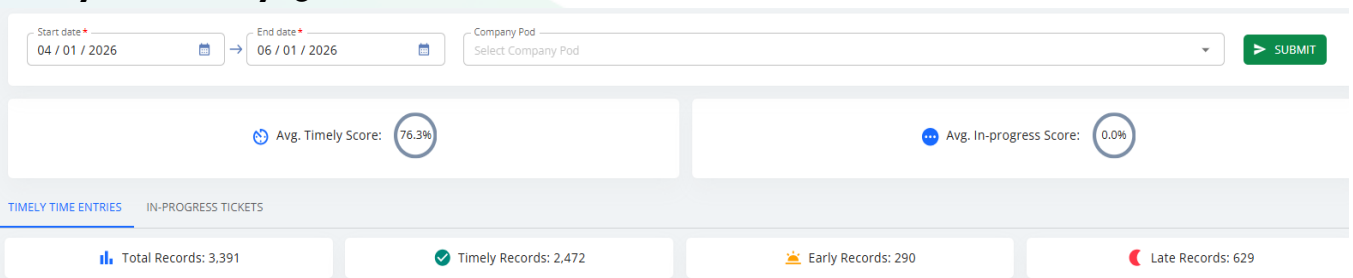
Executive Overview

ACME MSP is looking to build a scalable, consistent, operationally solid, service delivery engine to support growth and the integration of a recent acquisition. This requires accurate, detailed operational data across the entire organization, a trustworthy, defined roadmap to success, a reliable way to measure and incentivize required behavioral change, and, ideally, a way to leverage operational excellence to differentiate ACME MSP from competitors and grow faster.

This report focuses on 2026 and is based on a limited set of FITware functions that provide insights into areas where operations can be improved and where profit opportunities exist. Note that the data we analyzed is based on a quick configuration without any modifications to how ConnectWise is used. FITware business rules should be further dialed-in along with tweaks in how ConnectWise is used to fully account for any source data anomalies or things that are improperly included or excluded.

Overall, ACME MSP is doing a good job in the areas we explored, better than most companies we see prior to employing FITware, but there is room for improvement and several large holes exist.

Timely Time Entry Q2 Reviewed



ACME MSP's Timely Time Entry compliance is at 76.3%. This ideally should be closer to 90%. Note that the After Hours member was removed, which was artificially lowering the percentage.

When technical time is entered late, there is a chance of billable time not being recorded and important documentation details to feed ACME MSP's knowledge base can be lost. When time is not captured accurately it makes it difficult to measure client and tech

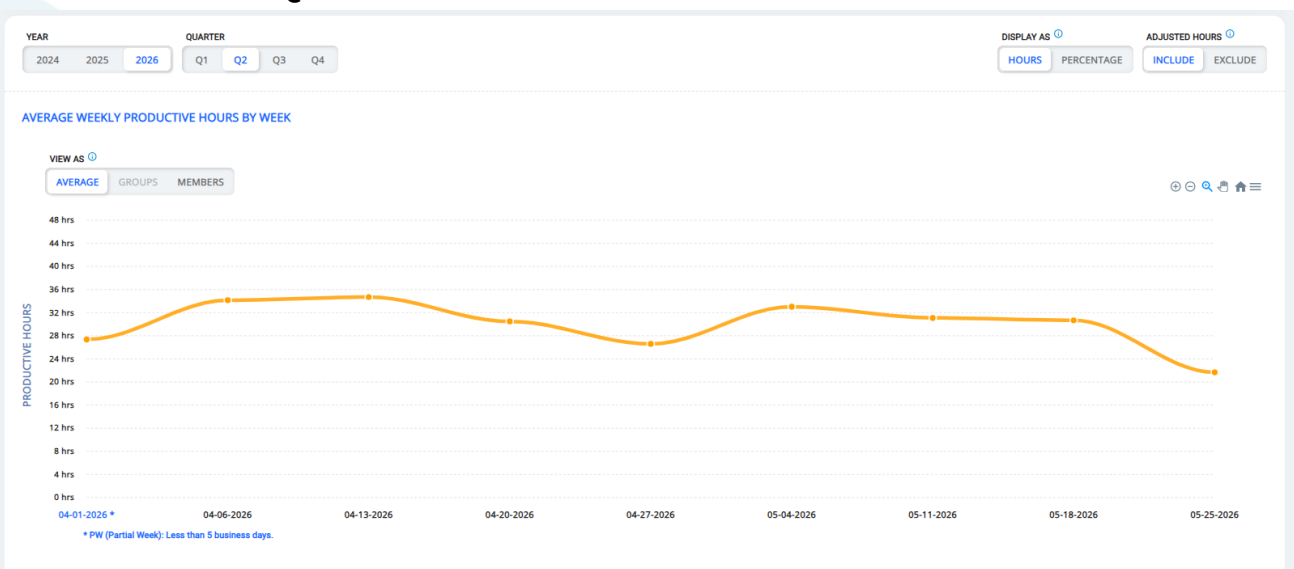
FITware's Findings

profitability and manage staffing levels. It can also cause service issues if a client calls back and neither the account manager nor a different tech has any information on the issue.

The good news is that most late tickets are still documented within a few hours of closing the ticket as opposed to the end of the day or, worse, the end of the week. Also impressive is that team members are documenting all their time, whether billable or not, to account for at least 40 hours per week.

This team is doing a good job documenting time. Still, getting timely time entry to 90+% will result in a greater ability to manage important operational and profit-driving details.

Productive Hours Q2 Reviewed



This analysis looked at Q2 2026. Average adjusted weekly productive hours (Adjusted Hours give techs credit for PTO and Holidays) are low compared to an expected 33 to 35 hours. However, we removed Bob and Kit and the numbers became closer to expected numbers with a range of 30 to 38 hours over the 9 weeks in the quarter so far. John, Bill and Steve are your most consistent performers. Dave is consistently low and James and Eli on average are doing fine but with a lot of variation week to week.

However, digging into the numbers further, from FITware Client Rates function, there are 770 hours recorded against ACME MSP and a lot of the time entries are for the minimum

FIWare's Findings

.25 hours which indicates that there may be some padding in these numbers. This should be looked at further to ensure that only real productive time against clients is being counted.

It is also worthwhile to explore how non-productive time is being used to see if there are additional opportunities to improve utilization.

Client Rates Current Year Reviewed

Start Month & Year *	End Month & Year *	Agreement Type	Company	Company Pod	Hours Type
01 / 2026	06 / 2026				All Hours (All hours against an agreement, regardless if covered or not)

Total Hours	Billable Value	Total Revenue	Efficiency Rate	Effective Rate
6,322.21	\$1,111,808.75	\$868,263.02	0.78 ↓	\$137.34 ↓

This analysis looked at YTD 2026. Client rates data shows poor Efficiency (0.78) and Effective (\$137.34) rates.

Any efficiency rate below 1.0 means that ACME MSP would make more money simply billing for their time per diem versus in fixed price agreements. A good effective rate should be well over \$200/hour. However, the report includes ACME MSP with a Managed Service agreement that has 700 hours and no revenue. When taking ACME MSP out the numbers improve to .86 and \$192/hour. Not great, but better.

Digging a little further, 35% of agreement revenue comes from clients with an efficiency rate below 1 and the average effective rate for these clients is \$91/hour. On the plus side, ABC Bank, your largest client, is being managed very well with numbers of 1.53 and \$827/hour. The danger with ABC is that they may be too profitable and are at risk of being picked off by a competitor.

FIWare's Findings

Action Steps & Further Evaluation

1. Where revenue may be leaking

Contract pricing: Review hours against low Effective Rate clients (\$200 or less) to see if nodes have increased and/or if billing hasn't been adjusted. Are more labor hours being used over time which represents an environment change that requires a change in pricing? Are clients getting annual price increases?

2. Where efficiency can be improved

Increasing Timely Time Entry percentage closer to 90% will ensure time is recorded accurately in real-time. Ensure billable hours are not being padded by minimum time tickets and work toward ACME MSP. Fixing this will produce the accurate data needed to optimize staffing levels and target profit leaks in both engineers and clients.

3. Which clients may be unprofitable (or at risk)

We advise starting with a review of clients with effective rates under \$150 and effective rates under 0.8. Create a detailed 2-year profit plan for each client that looks at equipment age, historical price increases, poor client habits or client management that eat up time, node count reconciliation, agreement work compliance (i.e. is work being done that should not be included), and whether a client has your full stack of agreements/cyber security offerings.

Create an operational cadence where the metrics on underperforming clients are reviewed monthly against plan so that tweaks can be made if required and to ensure progress is happening.

Below are some examples of clients that need attention.

Example: Springfield Health - Hours increased. Did support change or managed nodes increase?

Jan	21.96
Feb	13.65
March	46.38
April	32.37
May	55.32

FITware's Findings

Example: Sunrise Capital - Large number of hours per month, but total revenue is more than half the billable value.

Jan	126.65
Feb	63.60
March	110.25
April	111.28
May	143.20

Example: FGTY Tech - Hours are increasing each month.

Jan	7.43
Feb	17.67
March	23.18
April	53.82
May	62

Conclusion

In summary, ACME MSP has already won the really difficult battle to get engineers to document time. Now, they just need to get better at it so that staffing levels can be optimized and accurate tech and client profitability can be closely managed.

ACME MSP's profit, EBITDA as a % of revenue, has been on a good trajectory that past three years. The goal is to get from the current 12% to best-in-class 20% in the next three years.

This can be done by:

1. Having FITware's key operational metrics available in real-time
2. A meeting cadence that regularly reviews and acts on these metrics
3. Incorporating tools to automate and streamline operations
4. Using FITware to closely manage the profit of each client and engineer
5. Implementing FITware's Bonus Program to provide incentives to align the team around the critical behaviors that drive operational excellence, customer experience, and profitability

How **FrictionlessIT** Can Help

We help MSPs grow by aligning operations and go-to-market execution into one accountable system. We are not just consultants. We are implementors and executors who take ownership of the work. Because we control the output, we can stand behind the outcome. The result is growth that is structured, repeatable, and margin-focused.



Integrated ops + GTM services that connect delivery, sales, and marketing



Leadership alignment and accountability cadence that drives execution



Client portal providing real-time visibility into performance, priorities, and progress

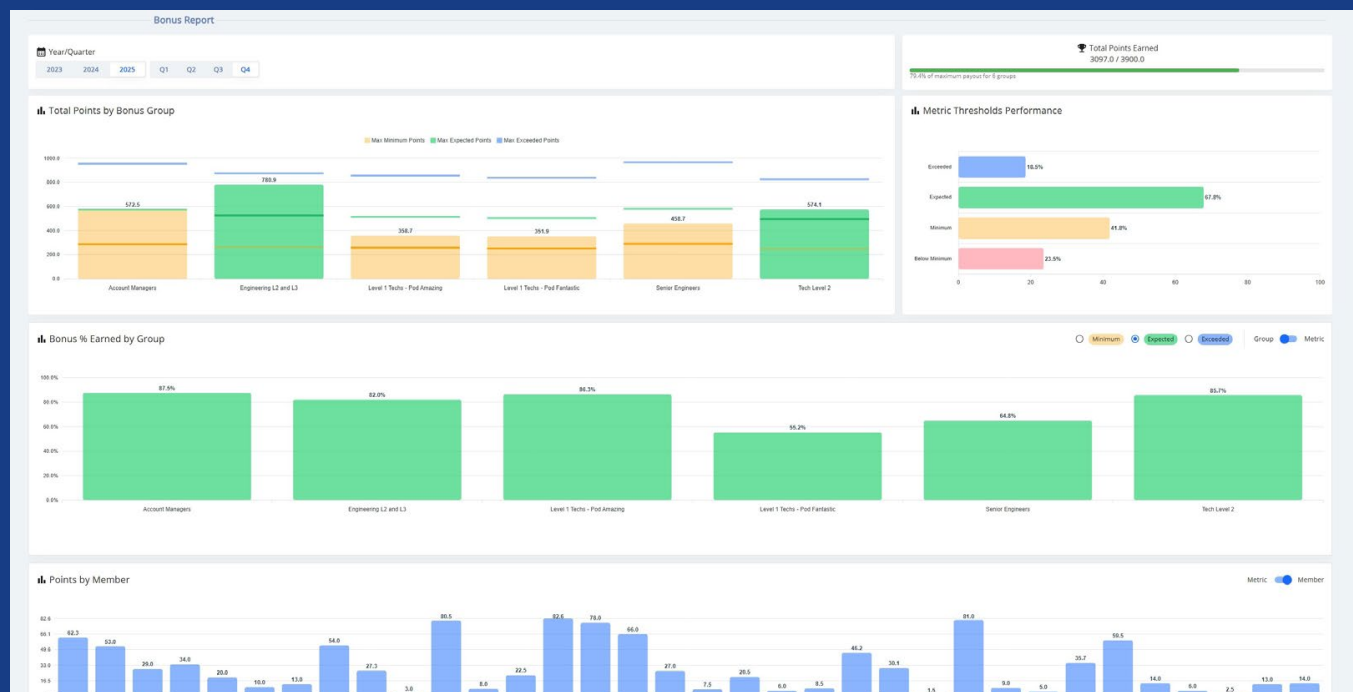


Capacity-based growth planning to protect margins as you scale

Powered by FITware + Aligned Through the Bonus Program

What makes it all work is FITware – our exclusive profit intelligence platform behind every service. FITware gives you real-time visibility into the metrics that matter and fuels the behavior changes that drive EBITDA growth, reinforced through FITware's Bonus Program.

- » Real-time insights into profitability, utilization, and service performance
- » Data-driven decisions that eliminate guesswork and profit leaks
- » FIT Bonus Program aligning team incentives directly to EBITDA outcomes – encouraging ownership, efficiency, and cost-conscious behavior at every level
- » A single system where visibility, accountability, and execution work together



The result: a disciplined, transparent, and incentive-aligned MSP that scales with control, confidence, and consistent profitability.

