

INDUSTRY INSIGHTS

Vertical & horizontal market strategies

What's the right approach for your MSP?

SUMMARY

Differentiation is an ongoing challenge for many MSPs. It's harder than ever to stand out in our constantly changing, highly competitive market.

So how do you make yourself relevant to the right clients? Answering that means making a decision about who you're going to serve. And that starts with choosing between two basic market strategies — vertical or horizontal.

Vertical

A vertical market strategy targets a specific industry, trade, profession, or other group of customers with specialized needs. This could be:

- A specific industry — healthcare, education, finance.
- An industry subset — dentists, online universities, off-shore tax consultants.
- A niche within a niche — POS for dentists, IT for online universities, VOIP for off-shore tax consultants.

Horizontal

A horizontal market strategy is the exact opposite of that approach. Rather than target one specific type of industry, you provide services to a broad range of clients across different sectors.

You might focus on a specialized service like POS installation and maintenance. But you don't limit yourself to a specific industry like healthcare, education, or finance.

To help you pick the right strategy for your business, let's explore the benefits of each.



Benefits of a vertical market strategy

The benefits of a vertical market strategy include niche expertise, differentiation, better margins, and a targeted sales and marketing strategy.

Niche expertise

Developing a deep understanding of the unique systems, processes, and needs of a specific field makes it easier to become the go-to expert.

How well do you understand HIPAA compliance in healthcare, IT compliance in finance, or curriculum systems in education? Insight into these types of issues help you speak your customers' language. You'll also be able to identify and help solve challenging problems more quickly.

Differentiation

This deeper industry-specific knowledge can help set you apart in a crowded, competitive market.

Imagine two MSPs competing for the same IT services contract with a large hospital. Both have similar technical expertise, access to talent, and support systems in place.

But one MSP specializes in the medical industry, with years of experience helping hospitals leverage technology while navigating complex regulatory requirements.

Everything else being equal, who has a better chance of landing the account?

Additional value leading to higher margins

That type of first-hand experience also helps MSPs provide a more complete solution. And when you're competing on value, price becomes less of a factor. This means the potential for higher margins.

According to [IT Glue's 2020 Global MSP Benchmark Report](#), 43% of legal-vertical MSPs reported net profit margins of 20% or more, followed by government vertical (40%), finance (39%), and professional services (38%).

Targeted sales and marketing strategy

Narrowing your market focus helps you tailor your marketing and sales approach. Your messaging becomes all about the customer — their needs, their challenges, their goals.

Your options also get clearer. Which industry conferences should we attend? Which trade publications should we pitch? Which account lists should our sales team focus on calling? Questions like these become much easier to answer when you know exactly who you want to serve.



Benefits of a horizontal market strategy

The benefits of a horizontal market strategy include having a broader range of clients, a diversified client portfolio, and the potential for service specialization.

Broader range of clients

Sometimes it makes more sense to *not* limit your market to any particular industry niche.

Serve a small geographic area? There may not be enough of one type of organization to support your business.

Want to be known for your cutting edge approach to a specific technical challenge? Consider focusing your messaging on the advantage of your unique approach, rather than any industry-specific needs.



Diversify demand

Economic downturns and global events can affect some industries more than others. For example, while every industry has been impacted by COVID-19, some have been hit harder than others. [Sectors like retail apparel, automotive, and hospitality have been flat or declining.](#) On the other hand, pharmacy, discount retail, and clinics have seen significant gains.

Serving multiple industries can help reduce your risk. The broader your range of potential clients, the less you'll have to rely on any one market.

Everything else being equal, who has a better chance of landing the account?

Technical expertise

By offering a specific technical service to a broader market, you're able to become the go-to expert in that niche.

Service specialization can help make it easier to:

- Maintain a specialized workforce
- Perform services more quickly
- Standardize your offerings and deliver on a larger scale
- Lower your operating costs
- Innovate within your niche



Finding and supporting your approach

Vertical and horizontal market strategies each offer unique benefits. Whichever approach you choose, Field Nation's talent marketplace will help you connect with the right technician at the right time.

Want to offer a complete range of technical services to a highly targeted vertical market? The marketplace lets you easily find field service technicians with a broad variety of skills and [specific industry experience](#). Quickly find and organize talent pools based on specific credentials, certifications, and skillsets.

Are you offering a specialized service to organizations across multiple industries? Access a wide range of high-quality talent to cater to the needs of your current customers, or [quickly expand your services to new markets and geographic locations](#).

Ready to get started?

Visit fieldnation.com/signup to support your market strategy and start connecting with top field service talent today.