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Managed service provider services: emerging Asia–Pacific forecast 2018–2023

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About this report

This report provides forecasts for the managed service provider (MSP) market in emerging Asia–Pacific (EMAP) and covers the key individual services and business segments that represent the largest opportunity for MSPs.

It highlights the rapid revenue growth that is expected in the MSP market between 2018 and 2023 as businesses increasingly move to 'as-a-service' models. MSPs will be one of the fastest-growing routes to market as more businesses seek MSP support to move their propositions to the cloud.

This report quantifies the revenue opportunity for MSPs in nine ICT categories and provides more-granular data on the categories that are the most significant opportunities for MSPs (infrastructure, IT and managed services, and business applications).

It is based on the following sources:

- the Analysys Mason ICT Global Model[1]
- a survey of 950 MSPs in emerging Asia–Pacific
- economic indicators, such as GDP and population growth
- vendor and supply-side indicators, such as pricing and financial reporting.

KEY ICT CATEGORIES

- **Business applications**
- **Infrastructure**
- **IT and managed services**
- Collaboration
- Communications

- Cyber security
- Devices and peripherals
- Platforms
- Web services

WHO SHOULD READ THIS REPORT

- MSPs that want to identify key areas for revenue growth, both in terms of business segments and individual services.
- Service providers that are looking to enter the managed ICT services market.
- Telecoms operators that are looking to enter the managed ICT services market.

[1] For more information, see Analysys Mason's SMB ICT channels and forecasts practice.

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Analysys Mason's ICT Global Model: metrics included in this report [1]

- 11 level 1 categories
- 37 level 2 categories
- 130+ level 3 categories
- In this report

Level 1	Level 2	Level 3	
Devices and peripherals	Mobile hardware	Feature phones	Smartphones
	PCs	Desktop	Tablet
		Notebook	2-in-1
	Printing and peripherals	Peripherals	Printers
		Printing supplies	3D-printers
Business applications	On-premises/licensed software	Accounting/financial	Business intelligence
		CRM	Email
		Enterprise content management	ERP
		HR	Line-of-business software
		Payroll	Point of sales
		Productivity	Project management
		Quotes and invoicing	Travel and expenses
	Software as a service	Accounting/financial	Business intelligence
		CRM	Email
		ERP	HR
		Line of business software	Marketing automation
		Payroll	Point of sales
		Productivity	Project management
		Quotes and invoicing	Travel and expenses
PC/device as a service (PCDaaS)			

Level 1	Level 2	Level 3	
Infrastructure	Storage hardware	FC SAN	IP SAN
		NAS	PC attached storage
		SAN switches	Server attached storage
		Tape backup	
	Storage software	Backup and recovery (on-premises)	Other storage software
		Replication software	Storage resource management software
	IaaS	IaaS storage online backup	IaaS storage simple development
		Recovery as a service (RaaS)	IaaS server
		IaaS server colocation	
	Server	Server	
	Virtualisation	Desktop as a service (DaaS)	Desktop virtualisation
		Server virtualisation	Storage virtualisation
	Networking hardware	LAN switches	Routers (wired)
		Wireless LAN	
	Networking services	Cloud VPN	IP VPN
		WAN	
	Networking software	Networking software	Point-to-point VPN
	On-premises/licensed software	Database (on-premises)	Middleware
		Mobile application development	Operating system
	Software as a service	Database (SaaS)	
Cyber security	Endpoint security	Encryption	Secure content management
		Web/messaging security (on-premises)	Web/messaging security (SaaS)
	Mobile security	Mobile application management (on-premises)	Mobile application management (SaaS)
		Mobile device management (MDM)	Mobile device management (SaaS)
	Network security	Identity and access management (on-premises)	Identity and access management (SaaS)
		Security information and event management (on-premises)	Security information and event management
		Intrusion detection and prevention	Point-to-point VPN/firewall
		Security policy, vulnerability and event management	
	Security hardware	Dedicated security appliance	Unified threat management appliance
	Software as a service	IaaS security	

Analysys Mason's ICT Global Model has more than 130 level 3 categories. This report provides level 1 category information for almost all categories of services, and focuses on level 2 and level 3 information for the categories that are most important to MSPs (infrastructure, IT and managed services, and business applications).

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Analysys Mason's ICT Global Model: metrics included in this report [2]

Level 1	Level 2	Level 3	
IT and managed services	Product support services	Computing support	Networking support
		Security support	Software support
		Storage support	
	Professional services	Development and integration	IT consulting
		Process management	
	Remote managed IT services market (RMITS)	Other IT services	Mobile device (MMS)
		Networking (wired)	Networking (wireless)
		PBX (TDM and/or IP-PBX)	PC
		Security	Server
		Storage	
Collaboration	On-premises/licensed software	Collaboration (on-premises)	
	Software as a service	Collaboration – business workflow	
		Collaboration – fileshare	
	UC services	Audio conferencing	Hosted VoIP
		Video conferencing	Web conferencing
	UC software	Communications/unified messaging software	
		Presence/enterprise instant messaging (EIM)	
Communications	Fixed hardware	Pure TDM-PBX/key systems	
	Fixed services	IP trunking	
		Local/long-distance telephony	
	Internet access	Wired broadband	
		Wireless broadband	
	Mobile service plans	Feature phone plan (voice, text)	
		Smartphone plan (data, voice, text)	
		Tablet plan (data)	
	UC hardware	IP PBX/hybrid	
		IP phones/adaptors	
Platforms	Platform as a service	Platform as a service (PaaS)	
Digital marketing and advertising	Digital marketing and advertising	Display advertising	
		Search engine marketing	
	Social	Social media marketing	
Web services	Web hosting and development	Website development	
		Website hosting/maintenance	

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MSPs in EMAP will generate almost USD50 billion of revenue in 2023, which is around 8% of the total ICT market

The total ICT services spend in EMAP is expected to exceed USD600 billion by 2023. We expect MSPs to be one of the fastest-growing routes to market (Figure 4). MSPs' revenue will increase at a CAGR of 20% between 2018 and 2023, thereby boosting their ICT services market share from 5% in 2018 to 8% in 2023.

Businesses that are migrating their propositions to the cloud are the main driver of the increased demand for MSPs' services. Many small and medium-sized businesses (SMBs) do not have the in-house ICT expertise to handle this move and will require MSP assistance.

Figure 4: Share of business spending on ICT services in 2018 and CAGR for 2018–2023, by channel, emerging Asia–Pacific
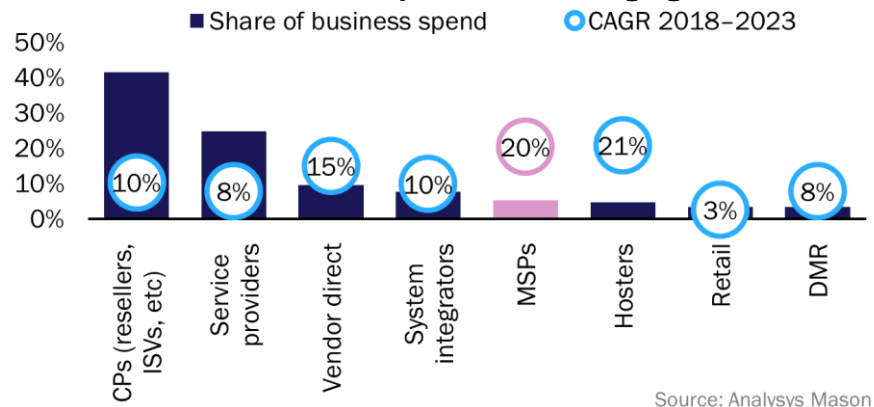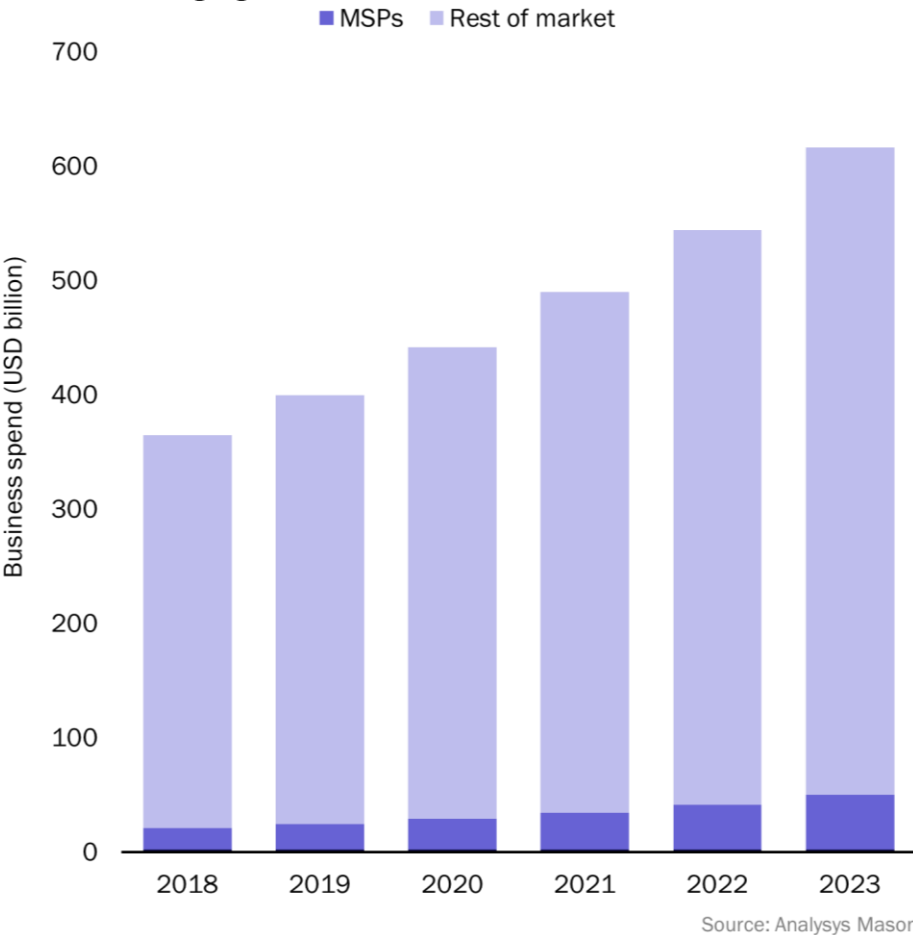

Source: Analysys Mason

Figure 5: Total business spending on ICT services and MSPs' share, emerging Asia–Pacific, 2018–2023

Source: Analysys Mason

IT and managed services, infrastructure and business applications account for nearly 75% of MSP revenue in EMAP and will deliver strong revenue growth

We expect that MSP revenue in all the categories included in this report will grow considerably in EMAP. Most of the revenue and revenue growth will come from the core areas of ICT and managed services, infrastructure and business applications.

MSPs generally have a diverse portfolio of services in order to cater to a wide range of client requirements and to capitalise on the widespread growth in the ICT market.

The majority of MSP revenue comes from the core categories mentioned above, but other categories will also offer significant revenue growth opportunities. Revenue from web services, communication and cyber security is expected to grow rapidly, and MSPs should consider expanding into these areas.

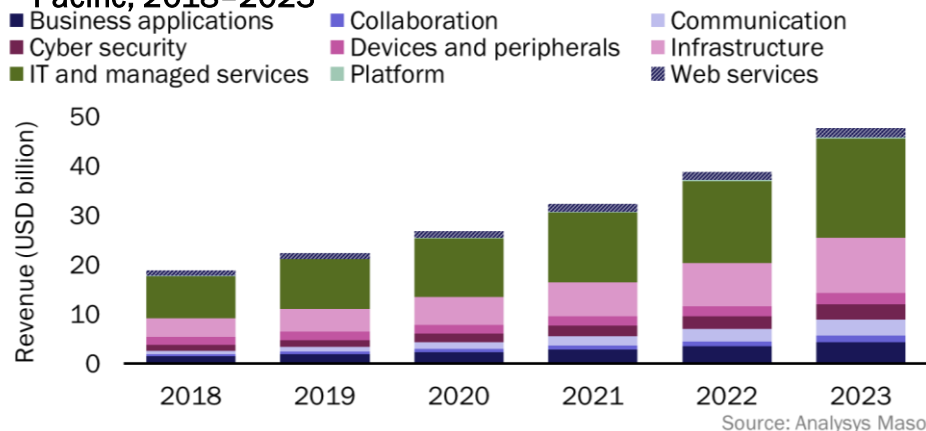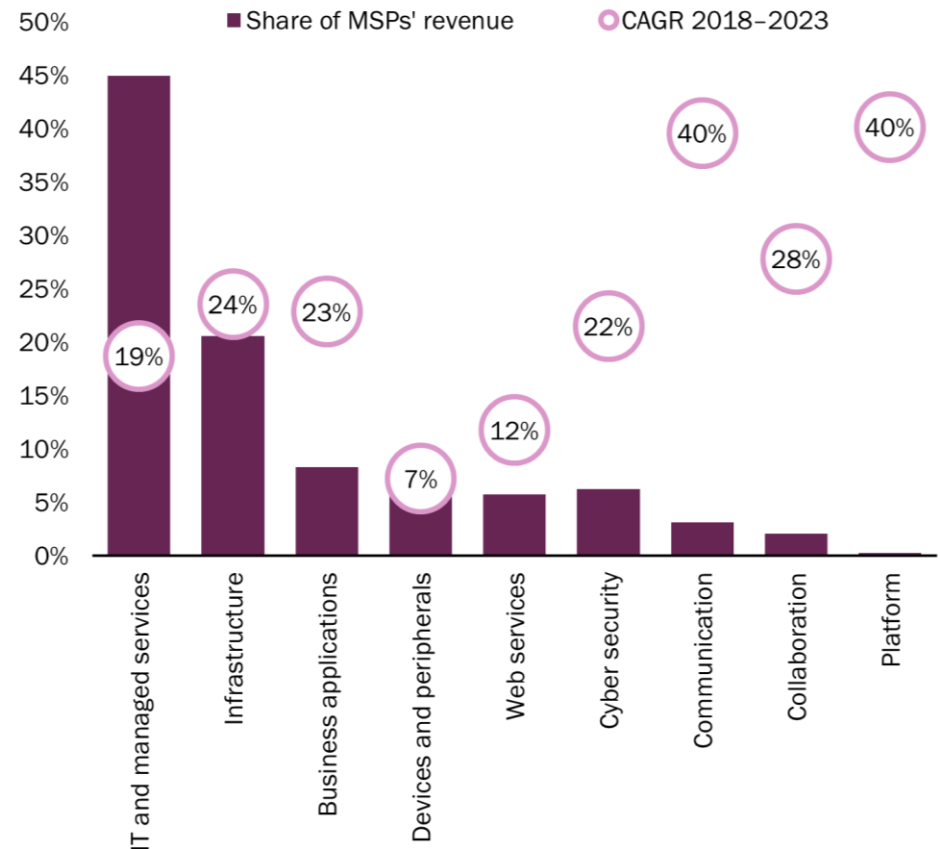Figure 6: MSPs' revenue, by level 1 category, emerging Asia–Pacific, 2018–2023

Source: Analysys Mason

Figure 7: Breakdown of MSPs' revenue in 2018 and CAGR for 2018–2023, by level 1 category, emerging Asia–Pacific

Source: Analysys Mason

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- Forecast methodology and definitions

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About the authors

Terry van Staden (Analyst) is a member of Analysys Mason's *Operator business services and IoT* research practice, focusing on operator strategies for the enterprise market. He specialises in SME bundling strategies, primary research and is responsible for our enterprise survey work. Prior to joining Analysys Mason, Terry received his masters in economics under full scholarship in South Africa, where his research papers won – or were nominated for – several national awards. He is a member of the Golden Key International Honour Society and the recipient of the Gold Duke of Edinburgh's Award.

Dev Chakravarty (Analyst) is an analyst based in Analysys Mason's India office. He is involved in all research related to the adoption of ICT by small and medium-sized businesses (SMBs). Dev has been involved in numerous assignments including country retainership and syndicated reports on SMB ICT adoption and managed service provider (MSP) research, as well as multiple custom studies. Prior to joining AMI-Partners (an Analysys Mason company), Dev was a Senior Research Executive for Business Horizons, a management consulting and market research organisation focusing on B2B research. Dev has a master's degree in business administration specialising in marketing, and a bachelor's degree in science with honours in physics.

Analysys Mason's consulting and research are uniquely positioned

Analysys Mason's consulting services and research portfolio
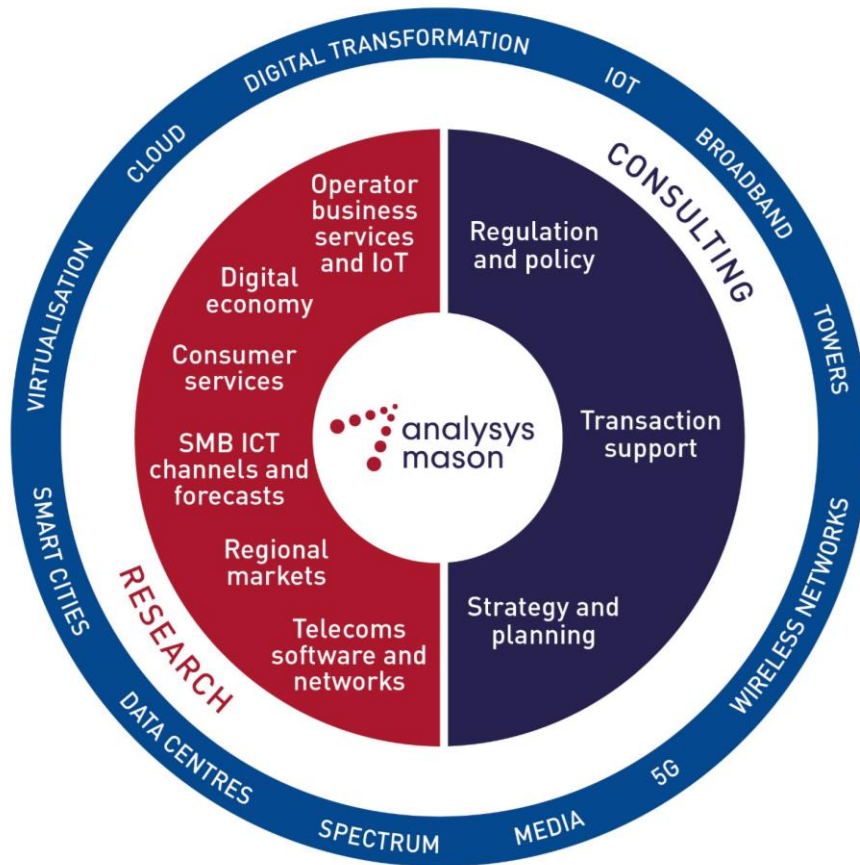
Consulting

We deliver tangible benefits to clients across the telecoms industry:

- communications and digital service providers, vendors, financial and strategic investors, private equity and infrastructure funds, governments, regulators, broadcasters and service and content providers

Our sector specialists understand the distinct local challenges facing clients, in addition to the wider effects of global forces.

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Our dedicated team of analysts track and forecast the different services accessed by consumers and enterprises.

We offer detailed insight into the software, infrastructure and technology delivering those services.

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Consumer services programmes

Mobile Services

Mobile Devices

Fixed Broadband Services

Convergence Strategies

Video Strategies

Operator investment programmes

Operator Investment Strategies

Network Traffic

Spectrum

Telecoms software and networks programmes

Software Forecast and Strategy

Telecoms Software Market Shares

Network-focused

Next-Generation Wireless Networks

Video and Identity Platforms

Service Design and Orchestration

Automated Assurance

Network Automation and Orchestration

Digital Infrastructure Strategies

Customer-focused

Digital Experience

Customer Engagement

Monetisation Platforms

AI and Analytics

Digital economy programmes

Digital Economy Strategies

Future Comms

Operator business services and IoT programmes

Large Enterprise Voice and Data Connectivity

Large Enterprise Emerging Service Opportunities

SME Strategies

IoT and M2M Services

IoT Platforms and Technology

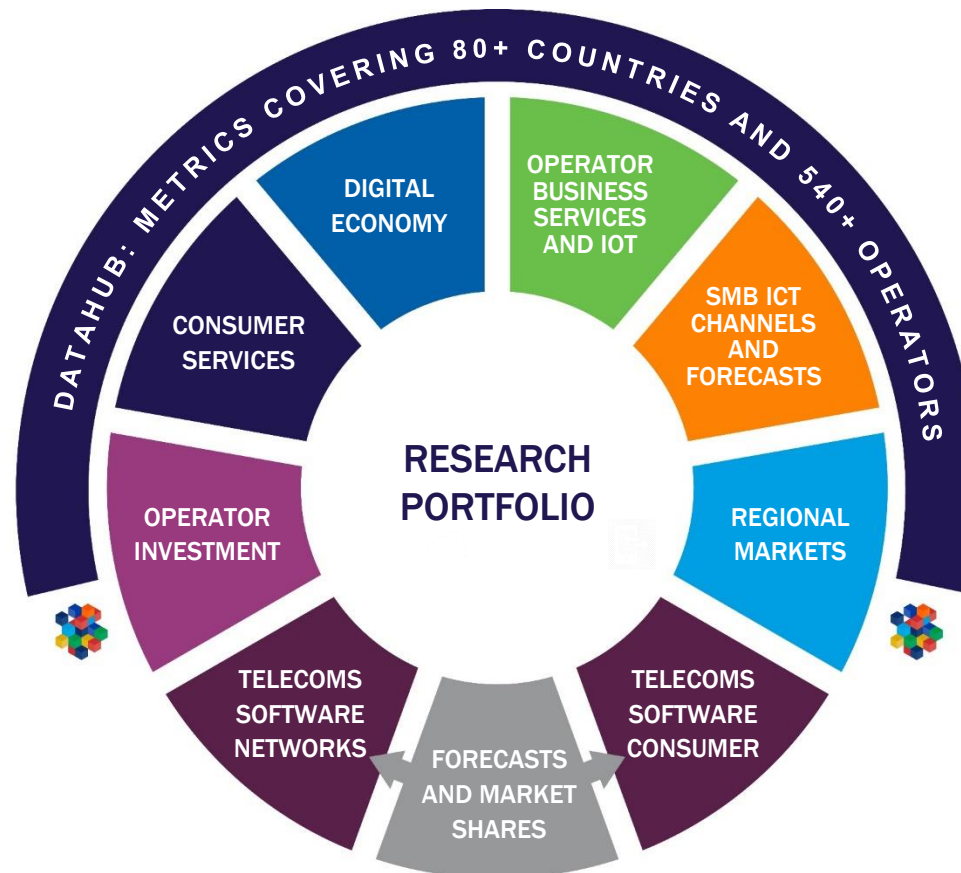**SMB ICT channels and forecasts programmes**

Managed Service Provider Strategies

Regional markets programmes

Global Telecoms Data

Americas

Asia–Pacific

Middle East and Africa

European Core Forecasts

European Telecoms Market Matrix

European Country Reports

DataHub

~2500 forecast and 250+ historical metrics

Regional results and worldwide totals

Operator historical data

DATAHUB: METRICS COVERING 80+ COUNTRIES AND 540+ OPERATORS

RESEARCH PORTFOLIO

DIGITAL ECONOMY

OPERATOR BUSINESS SERVICES AND IOT

SMB ICT CHANNELS AND FORECASTS

REGIONAL MARKETS

TELECOMS SOFTWARE CONSUMER

FORECASTS AND MARKET SHARES

TELECOMS SOFTWARE NETWORKS

OPERATOR INVESTMENT

CONSUMER SERVICES

About AMI-Partners

AMI-Partners is a global ICT research and consulting firm that focuses on the small and medium-sized business (SMB) market.

- AMI-Partners was founded in 1996 and has over 20 years of expertise in the SMB ICT market. It was acquired by Analysys Mason in July 2018.

- Its specialisms include:
  - go-to-market opportunity assessment
  - tracking buying behaviour
  - customer segmentation
  - channel partner ecosystem dynamics
  - sales enablement.

- AMI-Partners has invested over USD50 million in primary SMB research to date, thereby setting a global benchmark.

The Analysys Mason ICT Global Model

75 million+ data points

130+ ICT business categories

52 Countries and **5** 'rest-of-region' areas

19 Industry verticals

13 Business sizes

8 Routes to market

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