



# Managed service provider services: Western Europe forecast 2018–2023



Terry van Staden

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## About this report

This report provides forecasts for the managed service provider (MSP) market in Western Europe (WE) 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<sup>1</sup>
- 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.

<sup>1</sup> For more information, see [Analysys Mason's SMB ICT channels and forecasts practice](#).

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

<ul style="list-style-type: none"><li>11 level 1 categories</li><li>37 level 2 categories</li></ul>		<ul style="list-style-type: none"><li>130+ level 3 categories</li><li>In this report</li></ul>	
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
		Accounting/financial	Business intelligence
		CRM	Email
		ERP	HR
	Software as a service	Line of business software	Marketing automation
		Payroll	Point of sales
		Productivity	Project management
		Quotes and invoicing	Travel and expenses

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.

## 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
	UC software	Video conferencing	Web conferencing
		Communications/unified messaging software	
Communications	Fixed hardware	Presence/enterprise instant messaging (EIM)	
		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	
	Social	Search engine marketing	
		Social media marketing	
Web services	Web hosting and development	Website development	
		Website hosting/maintenance	

# MSPs in WE will generate almost USD70 billion of revenue in 2023, which is around 11% of the total ICT market in Western Europe

The total spend on ICT services in Western Europe is expected to reach USD572 billion by 2023. We expect that MSPs will be one of the fastest-growing routes to market, and that their ICT services market share will grow from 9% to 11% during the forecast period.

The role of MSPs is becoming more important because small and medium-sized businesses (SMBs) are increasingly demanding high-quality ICT services, but do not necessarily have the internal resources to support them. Businesses that are migrating their servers and applications to the cloud, in particular, will be likely to seek the assistance of an MSP. This migration can be complex, thereby driving the demand for MSPs’ consulting and support services.

Figure 4: Business spending on ICT services in 2018 and CAGR 2018–2023, by channel, Western Europe

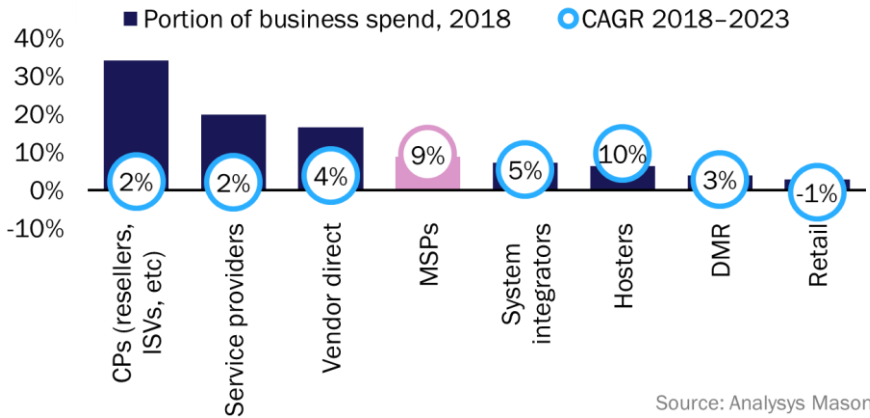
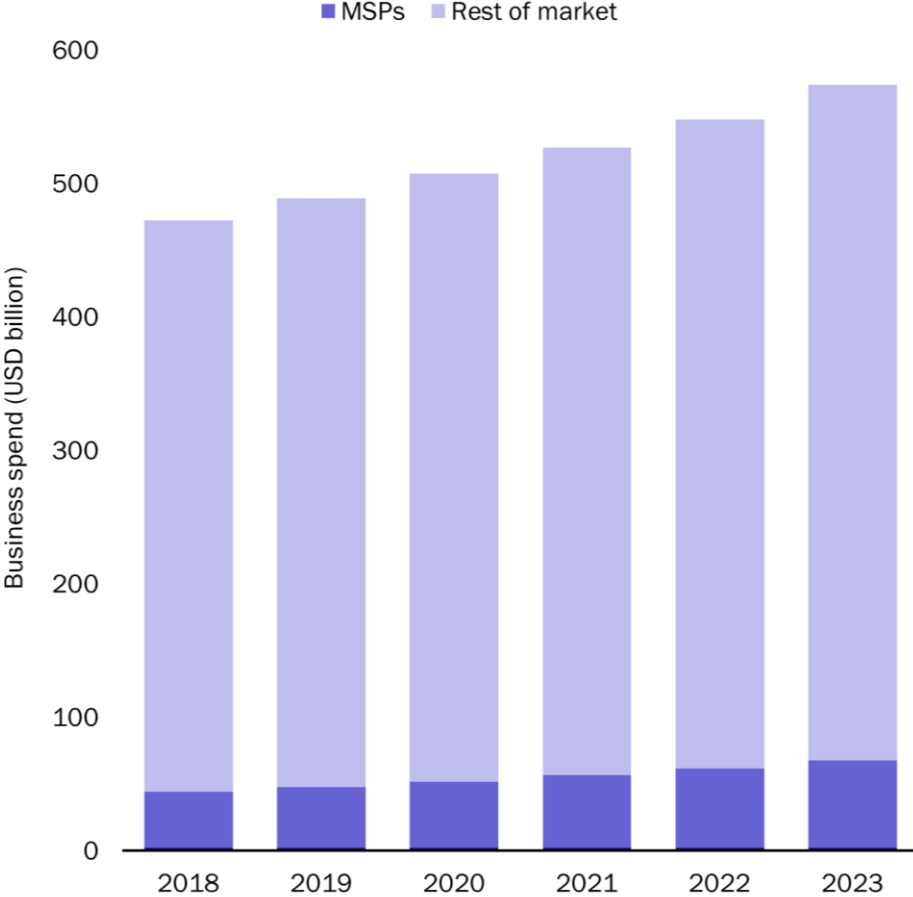


Figure 5: Total business spending on ICT services, and MSPs’ share, Western Europe, 2018–2023

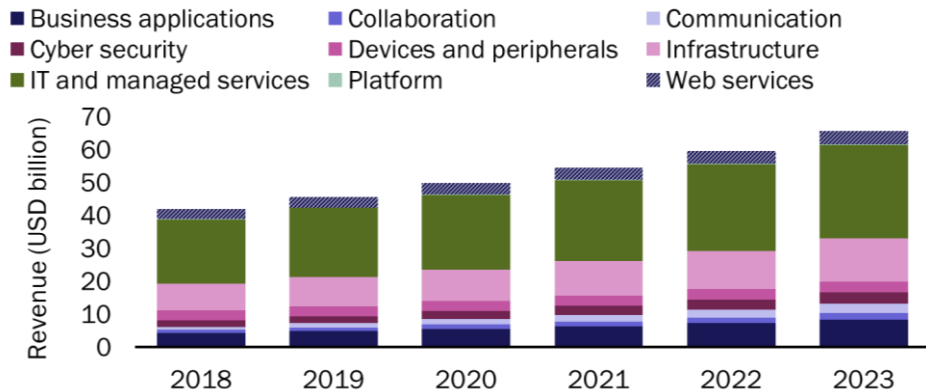


# IT and managed services, infrastructure and business applications account for over 75% of MSPs' revenue and are expected to deliver further strong revenue growth

We expect that MSPs' revenue in WE will grow in all of the level 1 categories considered in this report. However, most of the revenue, and revenue growth, will come from MSPs' core service categories of IT and managed services, infrastructure and business applications.

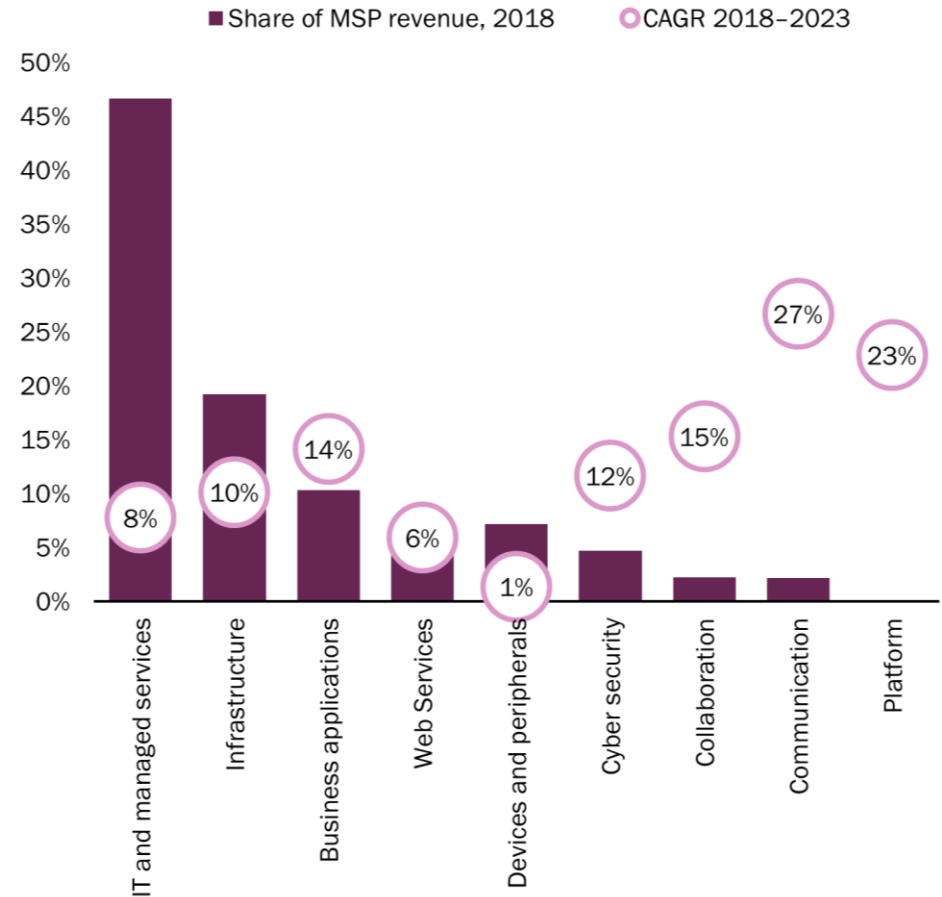
MSPs generally have diverse portfolios in order to address a range of client requirements and to capitalise on the widespread revenue growth in the ICT market. Most MSP revenue comes from the core service categories, but other categories will also offer significant revenue growth opportunities. We expect that MSPs will take a bigger role in communication services as businesses seek providers of end-to-end ICT solutions. Security and collaboration also represent significant growth opportunities.

**Figure 6: MSPs' revenue, by level 1 category, Western Europe, 2018–2023**



Source: Analysys Mason

**Figure 7: MSPs' revenue in 2018 and CAGR 2018–2023, by level 1 category, Western Europe**



Source: Analysys Mason



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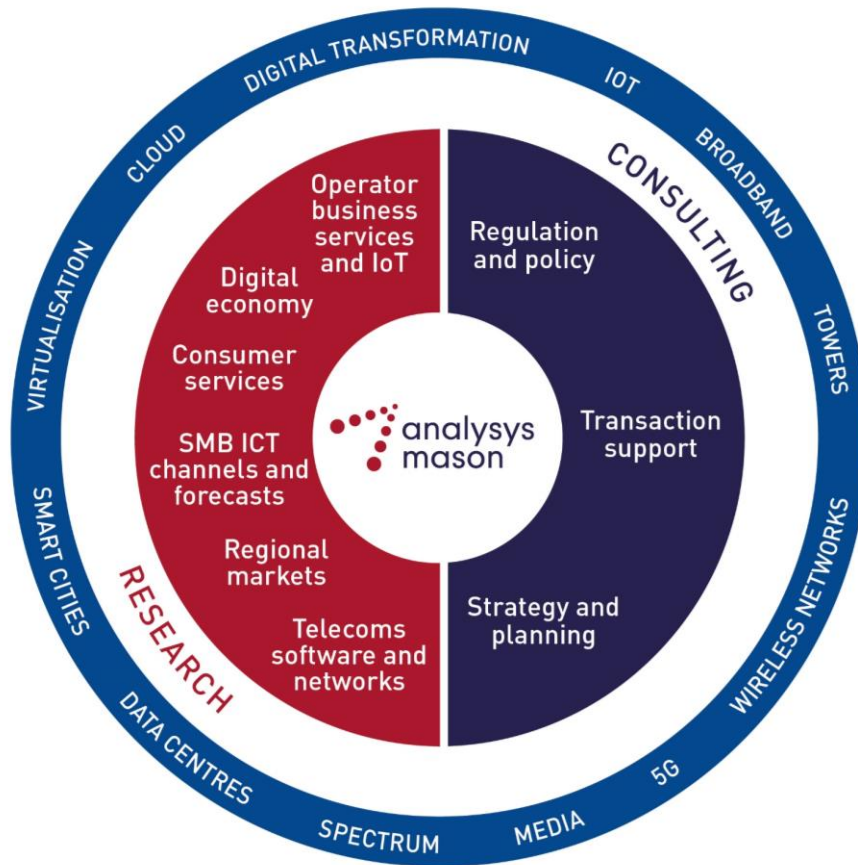
## About the author



**Terry van Staden** (Analyst, Research) 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.

# 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.

We are future-focused and help clients understand the challenges and opportunities new technology brings.

### Research

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.

Clients benefit from regular and timely intelligence, and direct access to analysts.

# Research from Analysys Mason

## 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

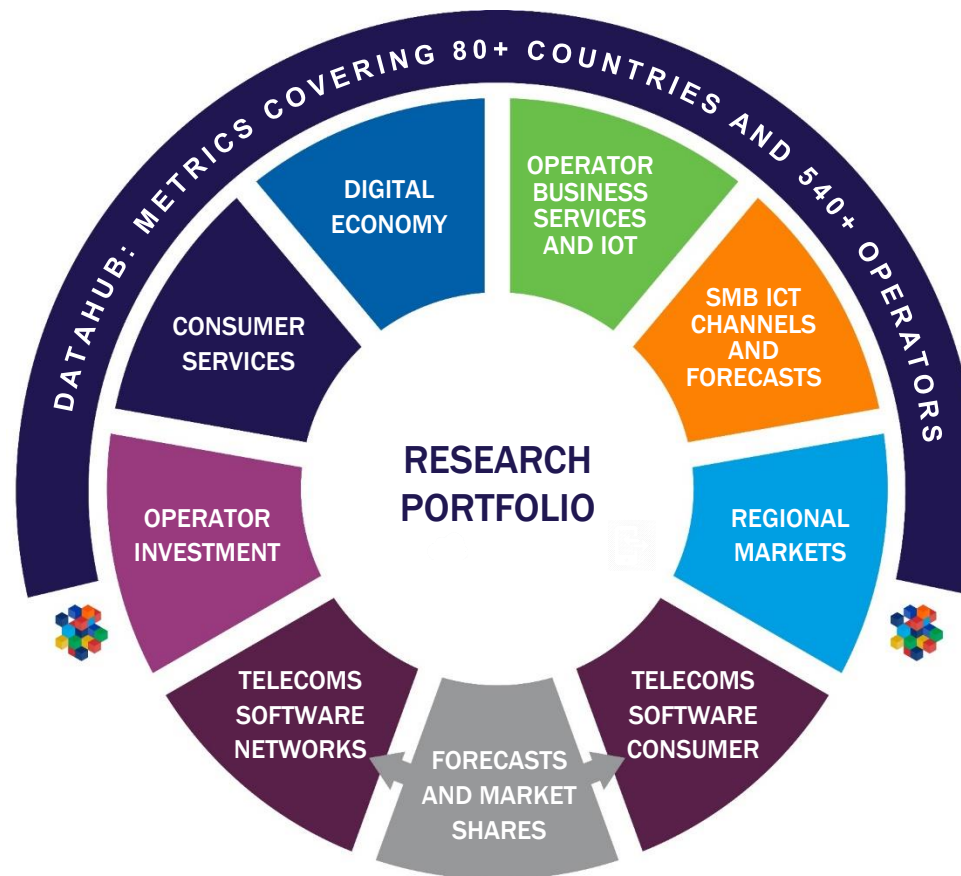
Managed Service Provider Strategies

## 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





## About AMI-Partners



An Analysys Mason company

**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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Bush House • North West Wing • Aldwych • London • WC2B 4PJ • UK

Tel: +44 (0)20 7395 9000 • Email: [research@analysismason.com](mailto:research@analysismason.com) • [www.analysismason.com/research](http://www.analysismason.com/research) • Registered in England and Wales No. 5177472

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