RESEARCH

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Managed service provider services: worldwide forecast 2018–2023

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About this report

This report provides forecasts for the worldwide managed service provider (MSP) market 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.

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	

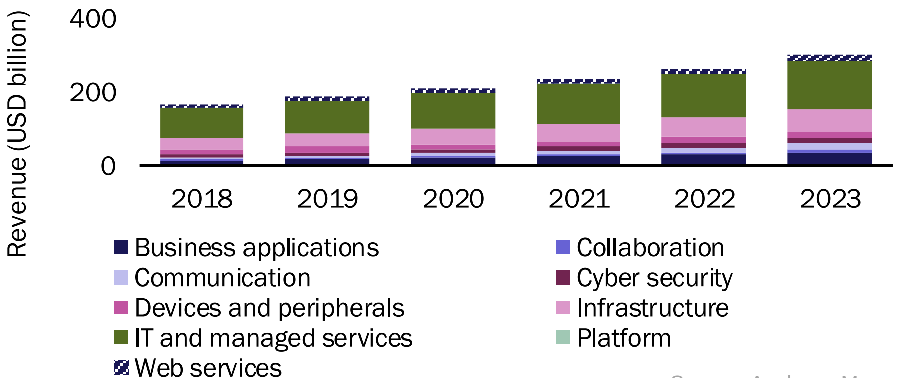
IT and managed services, infrastructure and business applications account for over 75% of MSPs' revenue and are expected to deliver strong growth

We expect revenue growth for MSPs in all the level 1 categories considered in this report. Most of the revenue, and revenue growth, will come from MSPs' core categories of IT and managed services, infrastructure and business applications.

MSPs generally provide diverse portfolios to address a range of client requirements and to capitalise on the widespread growth in the ICT market.

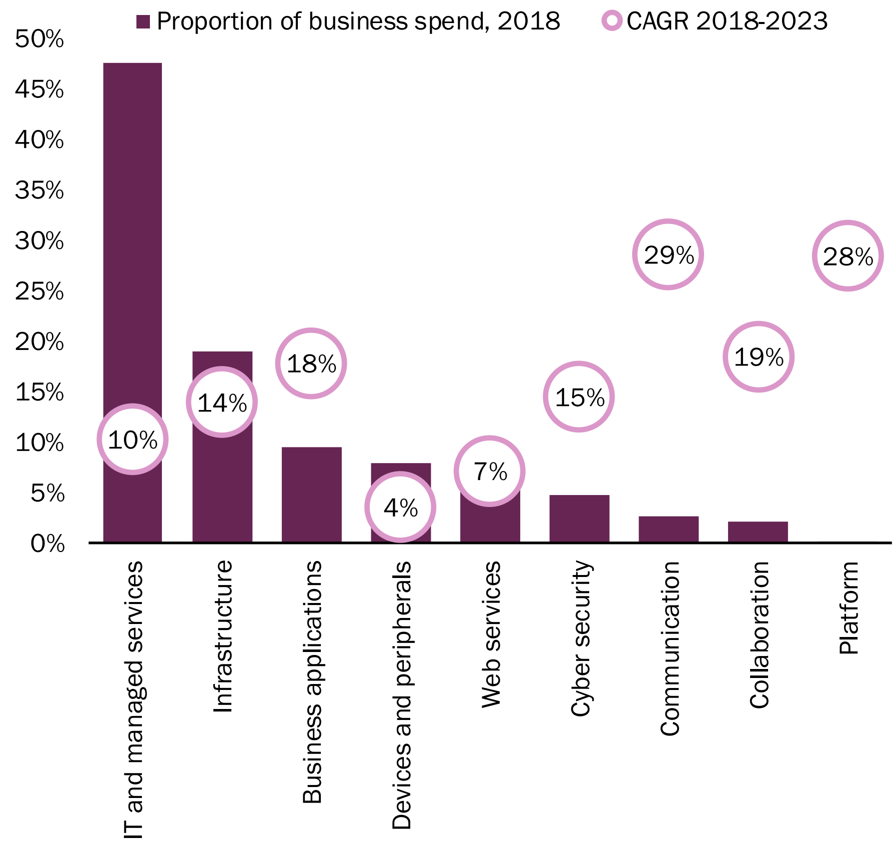
Most of MSPs' revenue comes from the core categories, but other categories will offer significant growth opportunities. We expect MSPs to take a bigger role in communication services, as businesses seek providers of end-to-end ICT solutions.

Figure 6: MSPs' revenue by level 1 category, worldwide, 2018–2023



Source: Analysys Mason

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



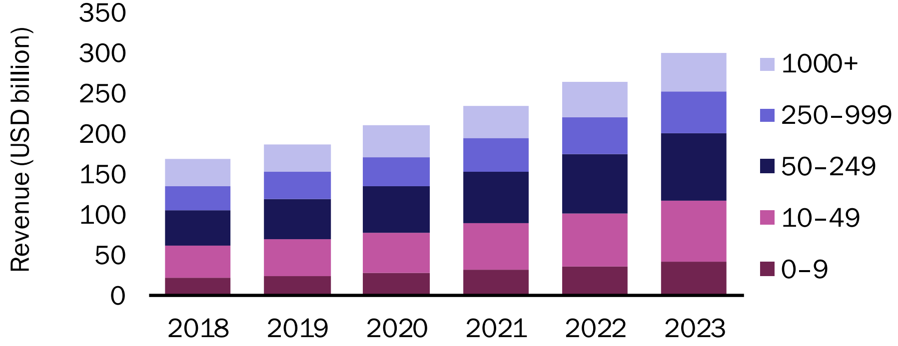
Source: Analysys Mason

MSPs' core target market is businesses with around 10–250 employees, but addressing businesses of all sizes offers growth opportunities

MSPs will continue to generate most of their revenue from businesses with around 10–250 employees because these businesses tend to need complicated ICT services but do not necessarily have the in-house expertise to support them.

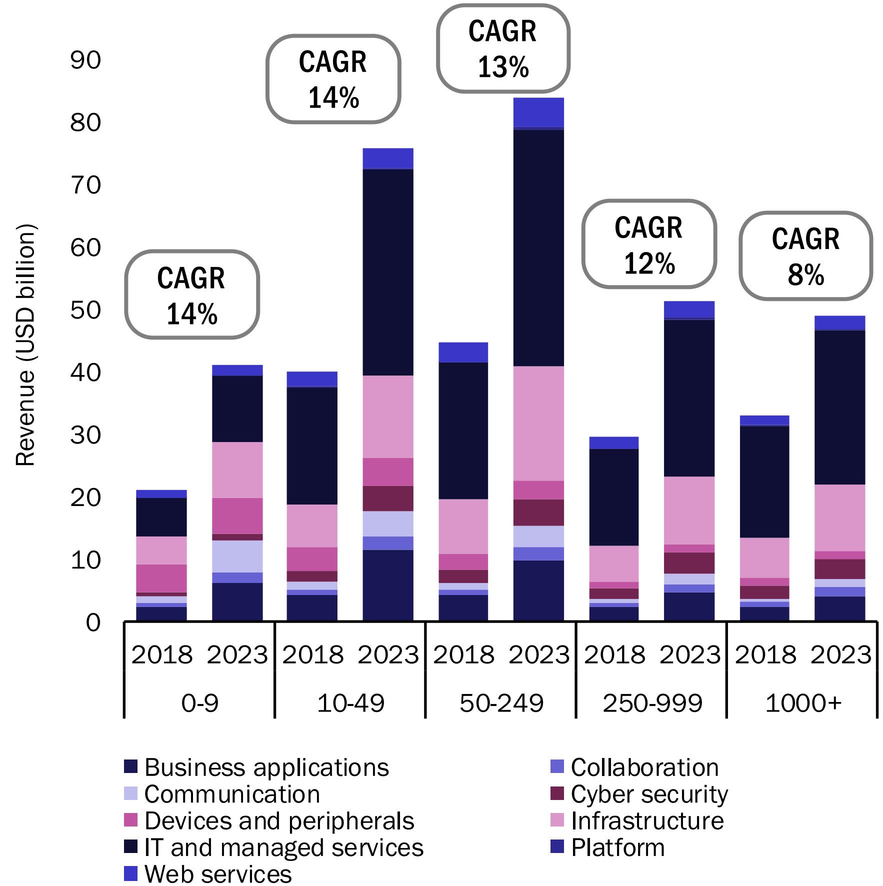
MSPs are often the most economical and effective means of acquiring high-quality ICT systems and networks for many businesses. Businesses with 50–250 employees are likely to have some form of in-house IT support, but not necessarily the expertise or number of personnel needed to support a complex ICT system or solutions from multiple vendors. Services such as hybrid cloud can be complex, driving businesses to request the support of MSPs. The next three slides provide a detailed breakdown of the most important revenue categories.

Figure 8: MSPs' revenue by business size, worldwide, 2018–2023



Source: Analysys Mason

Figure 9: MSPs' revenue and CAGR by level 1 category and business size, worldwide, 2018–2023



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.

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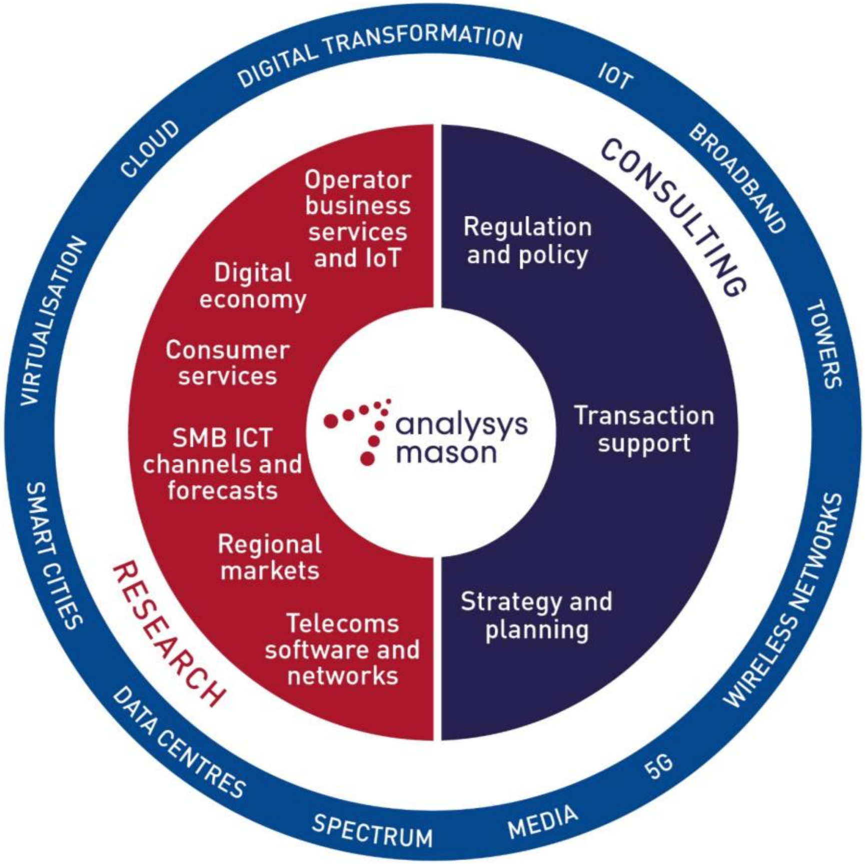
Analysys Mason's consulting services and research portfolio



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We deliver tangible benefits to clients across the telecoms industry:

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Operator Investment Strategies
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Telecoms Software Market Shares

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Next-Generation Wireless Networks
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Service Design and Orchestration
Automated Assurance
Network Automation and Orchestration
Digital Infrastructure Strategies

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Operator historical data

About AMI-Partners

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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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