

GCC Managed Services Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 120 pages | Mordor Intelligence

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Report description:

GCC Managed Services Market is expected to register a CAGR of 9.2% during the forecast period. The GCC region of the Middle East has been viewed as a region that lags in IT spending. However, the scenario changes, considering the government, large organizations, and small-to-medium enterprises (SMEs), as well as start-ups across all industries in the region, are slowly realizing the need to transform digitally.

Key Highlights

Utilizing cutting-edge technologies like artificial intelligence (AI), cloud computing, and others will eventually enable firms to meet various functional business requirements while promoting business process improvement. Managed services offer efficient features at low rates without sacrificing quality. In addition, they worked in service support and guaranteed the consistency and dependability of services provided for various business operations.

In a recent study by Microsoft, two in three Gulf enterprises reported that they were planning to invest at least 5% of their annual revenue in digitizing their operations. Further, up to 51% of organizations reported having prioritized cloud computing, business intelligence (41%), the Internet of Things (37%), and Artificial Intelligence (29%). Therefore, the region, which is expected to register a significant growth rate in IT upgrades, is expected to provide a greater demand for managed services.

Further, the GCC region has also been the target of cyberattacks since the facts presented by FireEye, a prominent cybersecurity vendor, clearly indicate that cloud security will become a trend in the region over the next few years. For instance, FireEye mentioned that Saudi Arabia witnessed more than 1,640,000 online attacks daily. Considering the progress of the area in the direction of artificial intelligence and IT experience (Vision 2030) and their dependency on the cloud, cloud security might flare up in the region over the forecast period.

The managed services market's expansion is anticipated to be constrained throughout the forecast period by a pervasive lack of expertise and experience in integrating new technologies and putting managed services in place. The market's expansion is

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anticipated to be constrained by additional issues, including doubts about the effectiveness of managed services models, worries about data security and privacy protection, and the requirement for qualified personnel.

The COVID-19 pandemic epidemic, which forced firms to turn aggressively to remote working, was said to be the cause of this development. Nearly 55% of businesses approached managed service providers to choose their value-added services. Lower security risks have increased as employees have worked remotely since the pandemic's outbreak. Business partners and customers exclusively used electronic communication, according to an IDG report commissioned by NTT Ltd. These trends were anticipated to offer managed service companies tremendous growth potential in the near and long term. Overall, the market for managed services in GCC countries was driven by the region's increasing cloud penetration, network upgrades, and focus on the digital economy.

GCC Managed Services Market Trends

Managed Hosting Services expected to grow significantly over the forecast period

The client needs to be managed to host services to lower costs for IT infrastructure, increase security, and maintain ownership rights to data. One significant trend in the managed hosting market is the increasing use of virtualized technology, which is predicted to persist over the forecast period. Managed hosting services help virtualization by making the virtualized environment less expensive and less complicated.

Hosting service providers linked to hardware makers and cloud providers have provided clients with exclusive services. These data centers are adaptable and may be used for everything from straightforward data warehousing to data analytics. These exceptional features make hosting manageable while lowering costs, which is anticipated to benefit the global GCC managed services market throughout the forecast period.

The growth of the data center market in the GCC countries is being driven by both government-led infrastructure growth and the fact that more and more businesses are moving their operational applications to the cloud.

Considering the GCC enterprises' limited IT budget and the lack of in-house capabilities to keep abreast with the evolving technologies, the region's dependency on Data Center service providers can be rated as high.

Cloud service providers, including Microsoft, Google, and AWS, have been making significant regional investments and have expanded their footprints. According to AWS, which opened three data centers in Bahrain, the region has been the most requested by its global partners. With the new data centers, enterprises in the region can move to a cloud system hosted by a specialist company, which will be cheaper than building their own infrastructure of servers, hardware, and security networks.

UAE Expected to Record Fastest Growth

The region houses local players such as Mindfire Technologies Inc., Injazat Group, ASPGulf, Unified Microsystems, and Emitac Corporate, which drive intelligent transformation for enterprises across the UAE.

Further, in partnership with telecom players, cloud and other technology players such as Microsoft, Ericsson, and Cisco are looking to transform businesses in the region digitally. With increased awareness of these technologies, the region is expected to increase its spending on upgrading its IT infrastructure, thus increasing the scope for managed service providers in the region.

The region has evidently developed and extended strategic partnerships to enable managed services. For instance, in February, Emirates Integrated Telecommunications Company (EITC) strengthened its partnership with Abu Dhabi Islamic Bank (ADIB), one of the leading financial institutions in the UAE, to provide data center services. As part of the agreement, DUP will continue to deliver

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advanced network solutions with increased operational and network efficiency.

Moreover, in the UAE and Saudi Arabia, 74% of organizations are worried about brand abuse, according to a Gulf Business article. However, according to a different Gulf News report, a Domain-based Message Authentication, Reporting & Conformance (DMARC) record is in place for 69% of the Forbes "Top 100 Middle East Companies." This indicates that email fraud is a possibility for about 31% of these businesses. Such attacks further drives the use of managed services in the region.

GCC Managed Services Market Competitor Analysis

The GCC Managed Services market comprises a significant share of homegrown companies and international companies such as HP, IBM, and Wipro, among others. The region also has small, managed service providers who are part of large companies' partner programs, such as Cisco. Some of the recent developments in the market are:

In September 2022, together with Cisco, Wipro created a hybrid cloud solution that is agile, programmable, and adaptive by combining the edge, private, and public clouds. The full-stack IT-as-a-service platform will use technologies from Cisco's Full Stack Observability solution, such as AppDynamics, ThousandEyes, Cisco Workload Optimization Manager (CWOM), Intersight, and Secure Application.

In February 2022, by better utilizing the intelligence from their network data, Nokia will introduce two new managed service offerings to assist communication service providers (CSPs) in providing a better customer experience and realizing faster returns on their 5G investments.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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