Managed Services - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Managed Services Market size is estimated at USD 280.96 billion in 2024, and is expected to reach USD 410.92 billion by 2029, growing at a CAGR of 7.90% during the forecast period (2024-2029).

Small and midsize Businesses (SMB) are expected to be the driving factors that positively impact the market's growth, as more and more SMBs are looking to outsource non-core activities. According to Datto, on average, MSPs report a client base of 122 clients, and about 60% of the MSP's clients have between 1-150 employees. Additionally, only 5% of the MSPs reported clients with over 500 employees.

Key Highlights
-Managed services offer various benefits that are proven to positively impact the development of the organization that adopts such services as they can focus on their core expertise. It is estimated that successfully deploying managed services will help reduce IT cost by 25-45% and increase operational efficiency by 45-65%. In addition, according to Intelligent Technical Solutions, 25% of organizations said downtime costs averaged between USD 301,000 and USD 400,000 per hour.
-Moreover, 2022 was expected to be all about application deployments matched to the development speed. The application maintenance and support services will be pivotal to the managed services in IT. Application performance monitoring (APM) will imbibe a quick feedback mechanism for developers. Front-end monitoring (for studying user behavior), ADTD (for application discovery, tracing, and diagnostics), and AIOps analytics (for detecting application lifecycle patterns and anomalies) will all be parts of APM. These solutions will help the DevOps team to analyze business problems better. It will cut down on their mean time to repair (MTTR).
-With industry requirements, standards, and consumer needs changing daily, businesses are seeking result-based outcomes. They require possession of pre-defined or expected criteria documented clearly, and in real time. The MSP will now be seen using

advanced analytics and reporting to state the implemented technologies' impact and present factual data.
-Further, the Blockchain and IoT technologies are set to create better opportunities for managed services providers, as these organizations require expertise to implement these technologies. To get a hold of these opportunities, stay relevant, and keep up with the competition, managed services providers increasingly acquire essential skill sets for these, among other innovative technologies, like AR, VR, and AI.
-Since the outbreak of COVID-19, the demand for cloud-based solutions saw significant growth due to remote working models being adopted by enterprises. As more IT decision-makers look to take advantage of modern cloud environments, they are increasingly running into longer project runways and the need for bigger budgets. According to Wanclouds, nearly half (48%) of the US and the UK IT decision-makers say the average time it takes them to complete a single multi-cloud application migration successfully is 1-2 months.

Managed Services Market Trends

Manufacturing is Expected to Hold a Significant Market Share

- In the current technology-driven business environment, Big Data is one of the manufacturers' primary drivers of productivity and efficiency. With the high rate of adoption of sensors and connected devices and the enabling of M2M communication, there has been a massive increase in the data points that are generated in the manufacturing industry.
- Industries are pitching hard and fast to switch to a smart industry, where data generation and visualization can become real-time. From descriptive to predictive, the evolution of analytics has made the industry aware of the benefits it can reap from this volume of data. The motto of the manufacturing industry is moving toward a metrics-based sector, which can improve decision-making based on the data-driven use of statistics.
- With the concept of Industry 4.0 influencing production establishments in the manufacturing industry, the amount of data produced from the manufacturing industry has snowballed, as they have been able to create data from each process point, varying from temperature, pressure, humidity, stress, strain, and quality, among numerous others.
- There are several applications in the semiconductors, consumer electronics, and the automotive industry, where manufacturers have to monitor numerous variables to ensure the quality of end products. Big Data analytics has emerged as an effective solution to traditional methods.
- As most small and medium manufacturing industries are more concentrated on hardware equipment and lack expertise in software solutions, they are outsourcing these Big Data analytic solutions. Outsourcing software services are further reducing their expenditure. Outsourcing other software services, such as field service management and ERP, is expected to boost managed services during the forecast period.

Asia-Pacific is Expected to be the Fastest Growing Market

- Digital transformation has become a top priority in the country and is moving rapidly as more companies are implementing formal strategies to support their efforts. In January 2021, China's State Council released a proposal to help the digital economy flourish throughout the 14th Five-Year Plan period (2021-2025). According to the plan, China's digital transformation of industries will reach a new level by 2025, while digital public services will become more inclusive, and the digital economy governance structure will visibly improve.
- The managed service providers in China focus on reducing security risks and optimizing operations for the end users by keeping up with the latest technologies. The telecommunication companies in the country majorly offer the managed services market. These companies are also strategically acquiring companies offering managed services to gain more market share.

- Furthermore, the banking sector in India is experiencing a colossal change due to the rapid evolution of technology in its verticals, which led to the adoption of cloud computing services by organizations to address their issues. Additionally, the managed storage providers in the country are investing in developing an integrated cloud storage platform dedicated to the BFSI sector.
- Moreover, the ongoing extensive investments by the Indian government toward physical infrastructures, like smart cities, are expected to create more opportunities for deploying managed services, like data storage, security, and network management, in the country. Currently, the Indian smart cities program is focused on transforming 100 cities.
- In January 2022, KPMG India and Qualys announced a partnership to add Qualys solutions to KPMG's Managed Security service. KPMG's industry-leading and globally recognized cybersecurity services in India will be combined with Qualys' world-class cybersecurity innovations to enable enterprises to protect their network, applications, endpoints, and cloud workloads from security vulnerabilities, provide visibility, and ensure compliance.
- Whereas, with the service industry taking up the largest portion of its GDP, Japan has much to share in managing the service industry. Japan has always been a market-oriented economy and represents the second-most developed economy in the world. Currently, the country is focusing on the manufacturing sectors, including the production of hybrid vehicles, robotics, and optical instruments.

Managed Services Industry Overview

The global managed services market is very competitive because of the presence of several major players. Some major players in the market are Cisco Systems Inc., IBM Corporation, Microsoft Corporation, Fujitsu Ltd, and Wipro Ltd. The market players are forming strategic collaborations and partnerships to sustain the intense competition in the market.

In May 2022, EY and IBM Expand Alliance announced their decision to help businesses around the world through digital innovation and greater resilience.EY and IBM have established a new Talent Center of Excellence (COE) that will create data-driven AI and hybrid cloud solutions to provide broad talent, HR, mobility, and payroll transformation services helping clients in overcoming the urgent need to attract, retain and upskill their workforce while transforming their HR function.

In May 2022, IBM announced a Strategic Collaboration Agreement (SCA) with Amazon Web Services Inc. (AWS), with plans to offer a broad array of its software catalog as Software-as-a-Service (SaaS) on AWS that will help customers build and deploy modern, secure, and more intelligent workflows with IBM Software on AWS. Organizations will be able to run a broad array of the IBM Software catalog as cloud-native services on AWS so they can get up and running quickly to deliver business value.

In January 2022, Rackspace Technology and BT announced a partnership agreement to transform BT's multinational customers' cloud services. Under the terms of the agreement, BT's hybrid cloud services will be based on Rackspace Technology's solutions, which the company will deploy in BT data centers along with its Rackspace Fabric management layer.

Additional Benefits:

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

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