Enterprises increasingly regard managed services as the solution to many of the challenges they face in executing and managing cloud environments. The managed services landscape continues to be highly competitive as service providers compete for a piece of the $51bn market.
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Key Findings

• Global managed services revenue reached $51bn in 2020 in a mild scenario as a result of the economic impact of the coronavirus pandemic, according to 451 Research’s Hosting, Cloud & Managed Services – COVID-19 Impact: Managed Services Market Scenario Analysis.

• The managed services landscape is highly competitive, with telcos, cloud infrastructure providers, SaaS vendors, born-in-the-cloud managed service providers and others all vying for a share of the market.

• Managed security has emerged as one of the most critical segments of managed services in recent years, with service providers of all types bolstering portfolios with services that strengthen customers’ security postures in the cloud.
Executive Summary

Introduction

Public cloud infrastructure has become intertwined with managed services, as it often functions as the environment from which managed services are delivered today. The top public cloud players account for a share of the market that far exceeds competitors, having surpassed the rest on infrastructure scale and portfolio breadth. The 10 largest companies account for 80% of the revenue in the IaaS market, according to 451 Research’s IaaS Market Monitor data. The managed services market is far less skewed toward any individual service provider, in part because of the diverse set of companies that offer managed services and the myriad specializations that allow service providers to differentiate from competitors. It is becoming less straightforward to define managed services providers as a single type of company or sharing one business model, as systems integrators, telcos, cloud infrastructure providers, SaaS vendors and managed service providers (MSPs) all offer some form of managed services to customers. We estimate that these service providers represent some 40,000 companies in the long tail.

For the purposes of this report, managed services are defined as subscription services that can be delivered on a stand-alone basis or bundled with infrastructure and application offerings, and services are performed remotely and not on-site at a customers’ premises.

Global managed services revenue hit $51bn in 2020 in a mild scenario as a result of the economic impact of the coronavirus pandemic, down from earlier, pre-pandemic estimates of $54bn, according to 451 Research’s Hosting, Cloud & Managed Services – COVID-19 Impact: Managed Services Market Scenario Analysis. Service providers with diverse portfolios and customer bases are well-positioned to weather the uncertainty, but the long tail of the market will thin out as larger, better-funded competitors scoop up relevant skills and technologies. There is already evidence of this activity in the market, which we explore in this report, as we also look at how vendor relationships, customer demands and cloud complexity influence the managed services market.

This report aims to provide a snapshot of the dynamic cloud managed services landscape in North America through a map of the primary segments of services and service providers, outlining the connections that comprise the backbone of the managed services landscape and key trends that will contribute to its future growth.
Methodology

Reports such as this one represent a holistic perspective on key emerging markets in the enterprise IT space. These markets evolve quickly, though, so 451 Research offers additional services that provide critical marketplace updates. These updated reports and perspectives are presented on a daily basis via the company’s core intelligence service, 451 Research Market Insight. Forward-looking M&A analysis and perspectives on strategic acquisitions and the liquidity environment for technology companies are also updated regularly via Market Insight, which is backed by the industry-leading 451 Research M&A KnowledgeBase.

Emerging technologies and markets are covered in 451 Research channels including Applied Infrastructure & DevOps; Cloud Transformation; Cloud Native; Customer Experience & Commerce; Data, AI & Analytics; Datacenter Services & Infrastructure; Information Security; Internet of Things; and Workforce Productivity & Collaboration.

Beyond that, 451 Research has a robust set of quantitative insights covered in products such as Voice of the Enterprise, Voice of the Connected User Landscape, Voice of the Service Provider, Cloud Price Index, Market Monitor, the M&A KnowledgeBase and the Datacenter KnowledgeBase.

All of these 451 Research services, which are accessible via the web, provide critical and timely analysis specifically focused on the business of enterprise IT innovation.

For more information about 451 Research, please go to: www.451research.com.

This report cites data from the following 451 Research surveys:

- **Cloud Computing Market Monitor – COVID-19 Impact: Infrastructure-as-a-Service Market Scenario Analysis Update, September 2020** – Given the uncertain economic environment, this update augments our regular market forecast with a scenario analysis that incorporates alternative economic and market-specific assumptions and provides a range of potential outcomes for the market. The proprietary forecast is based on a bottom-up analysis of 249 vendors’ current revenue and growth expectations through 2024.

- **Hosting, Cloud & Managed Services Market Monitor – COVID-19 Impact: Managed Services Market Scenario Analysis, July 2020** – Given the uncertain economic environment, this update augments our regular market forecast with a scenario analysis that incorporates alternative economic and market-specific assumptions and provides a range of potential outcomes for the market. The proprietary forecast is based on a bottom-up analysis of 1,325 vendors’ current revenue and growth expectations through 2024.

- **Cloud Price Index: The Economics of Support and Managed Services 2020** – This report features pricing collected in Q1 and Q2 2020 on 38 managed services provider offerings. Due to the small sample size, this report seeks to aid understanding, rather than provide a concrete view of the global situation.
• **Voice of the Enterprise: Cloud, Hosting & Managed Services, Vendor Evaluations 2020** – This web-based survey was fielded from July 9 to August 29, 2020 among approximately 479 IT and line-of-business decision-makers worldwide.

• **Voice of the Enterprise: Digital Pulse, Coronavirus Flash Survey, October 2020** – This event-driven, fast-turnaround web-based survey was designed to measure the impact of the COVID-19 outbreak on businesses. It was fielded from September 24 to October 9, 2020, and represents approximately 400 completes from pre-qualified IT end-user decision-makers primarily based in North America.

• **Voice of the Enterprise: Storage, Data Management & Disaster Recovery 2020** – This web-based survey was fielded between February and March, 2020 among approximately 530 IT decision-makers and technology practitioners worldwide.

• **Voice of the Service Provider, Workloads & Key Projects 2020** – This web-based survey was fielded in Q1 2020 among approximately 225 service providers evenly distributed across the US, UK and Asia (China and India).

• **Voice of the Service Provider, Infrastructure Evolution 2020** – This web-based survey was fielded from March 23 to May 6, 2020 among approximately 226 service providers evenly distributed across the US, UK and Asia (China and India).
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1. The 451 Take

Hybrid cloud can help enterprises accomplish business outcomes without having to completely refactor applications or overhaul legacy IT estates, and it is becoming the default strategy for most enterprises. More than half (58%) of enterprises currently use or plan to implement a hybrid cloud strategy, according to our Voice of the Enterprise (VotE): Cloud, Hosting & Managed Services, Vendor Evaluations 2020. A hybrid cloud environment allows workloads and applications to leverage both on-premises systems and off-premises cloud or hosted resources in an integrated fashion. However, it can introduce complexity as enterprises work to make sense of a wider technology landscape without the necessary skills to optimize performance, tighten security controls or implement DevOps, for example. Enterprises increasingly regard managed services as the solution to many of these challenges and skills gaps, offering expertise beyond what an enterprise has access to internally.

Managed services have moved up the stack as service providers tie solutions directly to business outcomes for customers, and they play key roles in digital transformation initiatives. Communicating this value to customers is critical for MSPs to accelerate growth and lower churn. The managed services landscape is competitive, with SIs, telcos, cloud infrastructure providers, SaaS vendors, born-in-the-cloud MSPs and others all vying for a share. The diversity of the managed services ecosystem reflects the dynamic requirements of its customers, but as the lines between service providers blur, customers will look for guidance around how the service providers add value and what services are worth the premium, particularly as many service providers use the same building blocks at the infrastructure level and communicate a similar message around being a trusted advisor for their customers.
2. Managed Services Defy Boundaries Between Providers

The maturation of public cloud has given enterprises more confidence in moving key business functions away from on-premises environments, which has led to an increased need for managed services that help support these environments. For the purposes of this report, managed services are subscription services that can be delivered on a stand-alone basis or bundled with infrastructure and application offerings, and services are performed remotely and not on-site at a customer’s premises. Most MSPs combine packages of managed service capabilities and custom configurations, offering a standard capability charged on a percentage basis, with the option to buy extensions for specific requirements, according to 451 Research’s Cloud Price Index: The Economics of Support and Managed Services 2020.

A broad range of services fall under the managed services category, but for the purposes of this report, we will focus on four main segments: disaster recovery (DR) and backup; managed security; managed application services; and operational managed services. These categories align with the managed services we track within our Hosting, Cloud & Managed Services Market Monitor. The DR and backup category includes disaster recovery as a service (DRaaS), backup as a service and database management. Under managed security, service providers offer log management, monitoring and response, operating system (OS) patching, information security, data compliance/governance, security assessment, key management and threat management. Managed application services encompass cloud native and microservices, DevOps enablement and container management, as well as enterprise application strategy and portfolio optimization, development, transformation, integration, acceleration/or deployments. Finally, operational managed services include support, cost management, performance management, IT integration and orchestration, scaling and capacity management, and hybrid and multicloud management. While cloud management platforms are a key tool in operational managed services, these platform vendors have been covered previously in 451 Research’s Technology & Business Insight report, Meditations on the Next Decade of Cloud Management Platforms.
There are 1,325 MSPs in our Hosting, Cloud & Managed Services Market Monitor, with further estimates that there are between 30,000 to 40,000 companies in the long tail of the managed services market. Within this market, we estimate that the top 20 competitors account for 23% of the market share. This report will focus on 65 service providers that offer managed services, focusing on companies based in North America. Though global systems integrators (GSIs) have strong relationships in the enterprise and are extending portfolios to include more managed services in addition to existing professional services, most companies in this category have an international headquarters, so we have excluded them from this analysis. Professional services are highly complementary to managed services and can be the basis upon which service providers build repeatable and productized managed services, but this report will not include professional services offerings.

The lines between service providers continue to blur as a focus on customer outcomes and digital transformation ushers in a need for a managed services component for many types of service providers. Managed services transcend service provider categories, with systems integrators, telcos, cloud infrastructure providers, SaaS vendors, security providers and born-in-the-cloud MSPs included in this analysis. Managed services are an increasingly attractive business for traditional service providers that want to provide ongoing support for customers to increase retention and add value. The managed services market has also ushered in born-in-the-cloud startups that offer public cloud expertise as a core capability, and many have evolved that expertise across multiple cloud platforms. Independent software vendors that may not have the means to create complete partner ecosystems also see value in offering managed services to customers who require additional support. The managed services market is becoming more difficult to neatly define as service providers aim to support customers in multiple aspects of their digital transformation journey. This report will help illustrate the interconnections within the managed services landscape and explore the ways which service providers seek to differentiate.
Figure 1: 451 Research Managed Services Market Map™
Source: 451 Research, 2021
**DR and Backup**

**DRaaS, backup as a service and database management are all included within this category of managed services.** MSPs offer DRaaS and backup as a value-added service to prevent data and revenue loss and ensure business continuity for customers.

The consequences of data outages and data loss can be catastrophic, with devastating impacts to organizational reputation and customer trust – which is why data protection is an imperative for many enterprises. Most enterprises opt for a hybrid model with backups deployed locally and in the cloud, according to our [VotE: Storage, Data Management & Disaster Recovery 2020 survey](#) that finds 40% of enterprises run a hybrid deployment for data protection, while 21% of respondents run cloud-based backup services (such as DRaaS and backup as a service). Many vendors that offer data protection target end customers through MSPs to offer DRaaS and backup as a service as an add-on or as part of service packages. Though many data protection deployments remain on-premises, there is an appetite for MSPs to help move appropriate workloads to the cloud in a hybrid model. Backup and DR is a strong proof of concept for running workloads in the cloud that service providers can use to demonstrate to customers, and usage in a backup or DR environment tends to grow over time with data volume.
Managed Security

This category encompasses log management, monitoring and response, OS patching, information security, data compliance/governance, security assessment, key management and threat management. Security requires specialized knowledge that is outside the scope of the typical MSP customer, and cloud environments introduce even more threats, which has driven interest in managed security services.

Managed security has emerged as one of the essential segments of managed services in recent years, with service providers of all types bolstering portfolios with services that strengthen customers’ security postures in the cloud. A baseline of managed security capabilities has become necessary to offering managed services. As security threats have become more sophisticated, some security software vendors have introduced managed services, and many MSPs have partnered with security vendors on more advanced security offerings. Heightened customer demand for security services has led to service providers establishing a security expertise, and some making a full transition into a managed security services provider (MSSP), focusing on preventative security services in addition to basic detection and incident response capabilities.
Managed Application Services

Cloud native/microservices, DevOps enablement and container management are included in this broad category, as are managed enterprise applications, development, integration and deployment. Customers want to understand which applications are primed for cloud migration, and where net-new applications should be developed, but they may lack the resources to deploy and manage containers, for instance, which is where an MSP can add value.

As enterprises navigate the challenges of running hybrid environments, many are discovering that specialized skills around cloud-native technologies and DevOps are worth a premium. Cloud-native technologies are poised for significant growth in the coming years, with DevOps as the primary implementation process. More than one-third of enterprises (35%) say that cloud-native capabilities are worth paying extra for, according to 451 Research’s VotE: Cloud, Hosting & Managed Services, Vendor Evaluations 2020 survey. In addition, as enterprises select which applications to migrate to public cloud environments, they see value in managed services that support key enterprise applications such as SAP and Oracle. Enterprises also look to MSPs to offer support for IT modernization, which drives the need for managed application services.
Operational Managed Services

Support, cost management, performance management, IT integration and orchestration, scaling and capacity management, cloud management platforms and hybrid/multicloud management are considered operational managed services. Visibility, performance and cost are key customer cloud concerns, and MSPs are in a strong position to manage these aspects given their familiarity with the customer environment and business priorities.

Most MSPs offer services within the operational managed services category, with support as a component of many customer agreements. MSPs aim to provide prioritized access to experts that understand customer applications and business outcomes. This expertise is especially pertinent as the rise of hybrid environments has concurrently brought forth an appetite for services that give customers transparency into cost and performance. Service providers have assembled a range of tools and support to meet this demand. With cost efficiency a top priority as a result of the circumstances surrounding the coronavirus pandemic, managed services that address cost and performance management, as well as scaling and capacity management, can support this strategic priority.
<table>
<thead>
<tr>
<th>MARKET SEGMENT</th>
<th>KEY CHALLENGES</th>
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<tr>
<td>DR AND BACKUP</td>
<td>Many DR and backup workloads continue to be hosted on-premises in local environments that customers manage themselves. The challenge for MSPs is to not only show the value in moving these workloads to cloud or hybrid cloud environments, but also to create a compelling offer around DRaaS and backup as a service as these capabilities become table stakes. Enterprises will look to MSPs to provide transparency around costs, which enterprises tell us can become unmanageable in cloud environments.</td>
<td>DR and backup vendors continue to iterate on as-a-service offerings while expanding channel partner programs, extending new features to MSPs. These new features include cloud-native data protection, increased visibility across hybrid environments, and quicker time to recovery.</td>
</tr>
<tr>
<td>MANAGED SECURITY</td>
<td>The threat landscape continues to mature, and the expertise required to detect, monitor and remediate security threats for customers is advancing beyond what some MSPs are equipped to handle. Establishing a security practice that meets the evolving demands from customers requires significant investment from MSPs in partnering with the right vendors and hiring skilled staff.</td>
<td>Enterprise demand for managed security services has led to the rise of MSPs that specialize in security – MSSPs. For more advanced services, customers may engage a managed detection and response (MDR) provider. MDR includes advanced expertise and security operations center services through a unified platform, as well as advanced levels of incident response.</td>
</tr>
<tr>
<td>MANAGED APPLICATION SERVICES</td>
<td>DevOps can present a high degree of complexity with myriad tools, languages, frameworks and infrastructure, and it can be a challenge for enterprises to secure the necessary expertise. Heightened customer demand for cloud native and DevOps has endured through the coronavirus pandemic, and MSPs will need to develop services in this burgeoning area.</td>
<td>MSPs that combine cloud-native processes and technologies can best address customer needs. Providing customers with a plan to upskill staff in order to develop more internal DevOps expertise can help MSPs support customers through digital transformation.</td>
</tr>
<tr>
<td>OPERATIONAL MANAGED SERVICES</td>
<td>Managing costs across disparate cloud environments continues to afflict enterprises that struggle to balance rising costs with performance demands. MSPs must prove that the cost savings and performance issues they can detect for customers is worth the extra cost associated with this expertise.</td>
<td>Increased automation helps MSPs efficiently provision and manage infrastructure without adding overhead. Platforms that allow control and transparency of multicloud environments will support MSPs in helping clients decide where to place workloads, leading to more proactive engagements.</td>
</tr>
</tbody>
</table>
3. MSPs Must Find New Ways To Stand Out

The complexity of cloud environments has helped to solidify the role of managed services, and we expect the challenge of managing hybrid cloud and multicloud environments to grow – driving enterprises to select managed services that enhance operations and performance, improve business resiliency and harden security. Service providers tell us that cost savings and improved security are among the top benefits they offer customers, with 39% of respondents to our *Voice of the Service Provider (VSP): Infrastructure Evolution 2020* indicating this is the case for their organization. However, as service providers across categories introduce managed services offerings, communicating value to customers and establishing differentiation become a heavy lift for business leaders – and cost savings and improved security may not be enough of a selling point for customers who are spoiled for choice in this market.

Competing in managed services requires service providers to ensure portfolios meet the current needs of customers, while offering guidance to future-proof environments, making it necessary for service providers to package managed services expertise in a way that aligns directly with enterprise priorities. Respondents to 451 Research’s *VotE: Cloud, Hosting & Managed Services, Vendor Evaluations 2020* survey indicate that their organization most commonly engages with a third-party MSP for threat detection and mitigation (27%), IT infrastructure and modernization (19%), and migration and data transfer (18%) services (see Figure 3). However, there is still a significant portion (42%) of respondents that do not engage with an MSP at all, which represents an opportunity for service providers to attract net-new customers with the right message and offerings. Service providers that offer managed services as a component of their portfolio may see further opportunity to upsell managed services packages that complement existing customer investments in infrastructure or software, while MSPs may choose to add professional services to give prospects more flexibility to meet intended business outcomes, which may have changed as a result of the coronavirus pandemic.
While we have seen the impact of COVID-19 shift enterprise priorities across many areas, digital transformation largely remains on track, with enterprises placing a greater emphasis on information security (45%) and business continuity and resilience (42%) due to the influence of the coronavirus pandemic, according to our VotE: Digital Pulse, Coronavirus Flash Survey October 2020. Service providers with customers in particularly hard-hit industries, such as tourism and retail, will face a greater battle in the near-term as these companies shift spending to business-critical functions and scrutinize technology spending. It will be necessary for service providers to offer solutions and guidance that reconcile spending extra on managed services with meeting these key priorities. We expect service providers to introduce more specializations with the support of key vendors and add services that support digital transformation, including professional services. In addition, we expect to see more service providers invest in security expertise, leading to a rise in MSSPs.
Value of Cloud Partner Programs and Specialization

Service providers that dedicate resources to deepening relationships with key vendors can take advantage of go-to-market strategies, demand generation and co-selling, which can not only help the service provider reach new customers, but can also have a hand in further development of vendor offerings, directly benefiting existing clients. Cloud vendors offer various incentives to partners, including bringing service providers into large deals that require managed services specializations, including engagements in regulated verticals like healthcare. We see cloud platform expertise as a critical function for service providers in supporting customer environments, and service providers can demonstrate this expertise to customers through participating in training and pursuing certifications.

As customer needs evolve, so do the requirements of MSPs. Most service providers (77%) indicate that their IT environment will need to undergo a partial transformation over the next three years to be able to support business needs, including customer facing services, while 18% of respondents to 451 Research’s VSP: Infrastructure Evolution 2020 survey indicate they will undergo a complete transformation. Close vendor partnerships can help accelerate internal needs as well, as service providers gain access to incentives and beta tests that support their own transformation and gain security compliance inherent to hyperscale clouds.

Professional Services for Cloud Enablement

While managed services are an appealing business for service providers looking to introduce or expand recurring revenue streams, we see many MSPs adding professional services to support customers through more strategic initiatives such as requirements definition, architecture and application design, and workload refactoring. It is often GSIs or born-in-the-cloud consultants that have the resources to engage in professional services projects, though we expect more service providers to build out practices that support cloud enablement and hire the appropriate expertise so they can support customers across the digital transformation journey. This expertise is a frequent driver of M&A, and in some cases, where they have the resources, MSPs are buying smaller professional services practices to gain this capability. We expect to see professional services drive the development of new managed services once a service provider has established a repeatable process that handles a particular business outcome for customers, and subsequently can be scaled and productized as a managed service, using automation to support its delivery.

Professional services that handle aspects of a client’s cloud strategy will be the most popular, with service providers indicating that they plan to introduce professional services that support development of overall cloud strategy (33%), design and implementation of hybrid or multicloud architecture (28%) and initial security planning for cloud deployments (25%) in the next 12 months, according to 451 Research’s VSP: Workloads & Key Projects 2020 (see Figure 4).
Evolution of MSSPs

Security continues to be a barrier to enterprises pursuing strategic projects across the board, and skill shortages are a primary concern for enterprises adopting cloud. To meet customer demands for security, service providers are investing in managed security services, with plans to introduce features including threat intelligence (31%), data leakage prevention (31%) and MDR (27%) services in the next 12 months (see Figure 5).

Figure 4: Strategy, Hybrid Cloud Support in Plan for Professional Services
Source: 451 Research’s Voice of the Service Provider: Workloads & Key Projects, 2020
Q. Which of the following professional services for cloud enablement are you planning to offer in the next 12 months?
Base: Respondents who offer or plan to offer professional services for cloud enablement (n=142)

- Development of an overall cloud strategy (e.g., assessment of existing on-premises applications and IT systems, evaluation of cloud platforms) 33%
- Designing/implementing hybrid or multi-cloud architectures 28%
- Initial security planning for cloud deployments (e.g., assessment, design) 25%
- Building/designing new projects using advanced/innovative technologies (e.g., artificial intelligence, blockchain or IoT) 24%
- Cloud-native application development 24%
- Workload migration (e.g., lift & shift) 24%
- Workload refactoring (e.g., application modernization) 23%
- Modernization of legacy applications 23%
- Developing the policy for governance and compliance framework for applications in cloud environments 23%
Figure 5: Managed Security Features Become More Advanced
Source: 451 Research’s Voice of the Service Provider: Workloads & Key Projects, 2020
Q. Which managed security services/features do you plan to introduce in the next 12 months? Please select all that apply.
Base: Respondents who currently offer or plan to offer managed security services (n=164)

However, just as enterprises encounter roadblocks to finding the right security expertise, MSPs are likely to face similar challenges. As our report *The Continuing Evolution of Managed Detection and Response Services* notes, only some MSPs invested in the expertise and technology required to provide advanced security services, leading to the rise of MSSPs, and now MDR services that detect threats and attacks in real time, quash or contain them, and minimize the overall impact of security incidents. Service providers of all types are spinning off MDR services, and we expect to see this area of managed security gain more traction in the coming years, though it will likely be the service providers with existing security expertise that are able to take advantage of this opportunity. Security generalists will be better served by establishing partnerships with MDR providers to add these advanced capabilities.
## Managed Services Market Map 2021

*Source: 451 Research, 2021*

### COMPANY NAME | KEY ATTRIBUTES
---|---
**2ND WATCH** | 2nd Watch was one of the first Amazon Web Services (AWS) Partner Network (APN) Consulting Partners, and in the years since, it has expanded its expertise across Microsoft Azure and Google Cloud environments as well. Recently the company has worked on growing its managed data and analytics and DevOps capabilities.

**ALLCLOUD** | Along with its Salesforce and AWS expertise, AllCloud is building out deep expertise in AI and machine learning, emerging areas where we detect future demand for managed services. The company raised $18m in funding in 2019.

**APTUM** | After selling its fiber business in 2020, Aptum is shifting its business to focus on managed services where it can add value, including a managed DevOps service. The company has undergone its own transformation to support client-facing services.

**CENTRILOGIC** | CentriLogic acquired cloud and data services provider ManageForce and cloud-native development and application services firm ObjectSharp in 2020. Both acquisitions add application and managed cloud expertise.

**EFFECTUAL** | Effectual is building out a ‘cloud first, security first’ portfolio with specializations across AWS, VMware Cloud on AWS, and DevOps. It has made numerous acquisitions in support of this vision, including buying Five Talent and JHC Technology.

**ENSONO** | Ensono has various specializations within Microsoft and AWS’ partner programs, along with expertise in SAP and mainframe migrations. The company has made key leadership hires in the past year to support its growth.

**MISSION CLOUD SERVICES** | Mission offers professional and managed services with a sole focus on AWS. Most of its revenue is generated from managed services, which include managed cloud, managed DevOps and managed AWS support, as well as Mission Cloud Foundation, its cloud management service.

**NA VISITE** | Navisite has a broad service portfolio, with ambitions to expand its professional services and security services offerings. The company combined with RDX, clockwrk, ClearDB and most recently PRIVO, to refocus efforts on larger, more complex managed infrastructure and application services engagements.

**NTIRETY** | Launched in 2019, Ntirety is the integration of Hostway and Hosting, offering a complete portfolio of managed services and consulting. The company is planning to expand its investments in managed security services.

**PYTHIAN** | Pythian has taken a multicloud approach and is offering managed services with expertise across cloud platforms, along with sought-after skills in data and analytics. The company is eyeing further acquisitions to build out its managed services offerings after its purchase of Agosto earlier this year.

**RACKSPACE TECHNOLOGY** | Rackspace Technology had a busy year in 2020 with a rename and relisting on the NASDAQ. The company continues its multicloud proposition, offering managed services, security, and cloud-native expertise, acquiring German cloud consultancy Bright Skies at the end of 2020.
4. Conclusions

Managed services continue to expand not only as new players enter the market, but also as traditional service providers spin up cloud and managed service practices that provide ongoing customer engagement. Our Market Monitor data estimates the managed services segment is on track to reach $81bn in revenue by 2024.

With tens of thousands of service providers offering managed services, M&A activity is certain to contract the managed services market as service providers with larger budgets look to pursue portfolio breadth. For instance, we expect to see more GSIs build out practices focused on areas of cloud expertise or skills related to specific public clouds, such as Atos’ acquisition of Maven Wave for GCP expertise, and PwC buying EagleDream for cloud-native expertise. In addition, security represents a massive opportunity for service providers that have existing knowledge in this area and want to offer an advanced security practice that sets them apart. Differentiation has always been key when it comes to managed services, but now more than ever should this be a priority for service providers as they guide customers through massive disruption and transformation as a result of the global pandemic, and customers look for creative ways to optimize resources.
5. Further Reading

HCTS 2020 Security Replay: The Infinite Game of Cybersecurity: Why Technology and Service Providers Are Adding Advanced Security Services to Their Portfolios, October 2020

As COVID-19 becomes a constant, enterprises rely on service providers for strategic projects in the cloud, September 2020


Surveys reveal opportunities for better enterprise IT, service-provider alignment in COVID-19 era, September 2020

Automation ups the ante for cloud managed services and support, July 2020

Hosting, Cloud & Managed Services – COVID-19 Impact: Managed Services Market Scenario Analysis, July 2020

Meditations on the Next Decade of Cloud Management Platforms, June 2020

Cloud Price Index: Economics of Support and Managed Services, June 2020

The Continuing Evolution of Managed Detection and Response Services, June 2020

Voice of the Enterprise: Cloud, Hosting & Managed Services, Vendor Evaluations 2020

Voice of the Enterprise: Storage, Data Management & Disaster Recovery 2020

Voice of the Enterprise: Digital Pulse, Coronavirus Flash Survey October 2020

Voice of the Service Provider: Workloads & Key Projects 2020

Voice of the Service Provider: Infrastructure Evolution 2020
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