Introduction

The global managed services market is expected to grow from $107 billion in 2014 to $193 billion by 2019.¹

Several circumstances have caused a need for change in the service provider business model. Some of the most prevalent are:

- The technology of the third platform and the Internet of Everything (IoE)
- The fast pace of change in the technology industry
- The proliferation of new competitors in the market

In order to sustain or grow your business, you may need to adjust your business model to align with customer demand. The following offers valuable information on the service provider market you can use when making strategic decisions about your own business.
72% of service providers support less than 100 customers per year, and two-thirds report supporting 100 or more devices for their customers.

How many customers on average do you typically support or manage per year?

Support 1-100 customers annually = 72%

19% Less than 10
23% 10-50
31% 51-100
17% 101-250
5% More than 250
5% Don’t know

How many total devices (e.g., networking devices, desktop PCs, printers, mobile devices, etc.) do you currently support for your customers?

Support 100+ devices = 67%

16% Less than 50
14% 50-100
14% 101-500
10% 501-1,000
10% 1,001-3,000
10% More than 3,000
4% Don’t know

Don’t know
Customer industries supported

Service providers support a variety of industries, including legal, healthcare, nonprofit, retail, construction, education, manufacturing and more.

(Multiple selections permitted)
Types of service and solution offerings

Top services offered include network and connectivity support, patching/updating, desktop support, backup, server support, remote monitoring, desktop security and service desk.

The number of service providers that are currently offering or plan to offer emerging technologies

(Multiple selections permitted)

- Software-Defined Data Center (SDDC): 37%
- Software-Defined Networking (SDN): 47%
- Cloud services: 60%
Service approach

Of those that currently provide or plan to provide hosting services:
(Multiple selections permitted)

- 53% host (or plan to host) the services themselves
- 44% partner hosts or will host services
- 42% one-time break/fix services
- 58% contract/managed services
Purchase channels

Service providers get their products and solutions directly from the manufacturer, online, through resellers and from value-added resellers.

Where do you get the IT products/solutions you provide to your customers?

(Multiple selections permitted)
Vendor/partner selection criteria

The most important criteria service providers consider when choosing their partners and vendors is product quality, followed by quality of support and competitive pricing.

How important are the following criteria when selecting IT vendors/partners for your business?

(Top 2 answers reported: those selecting “Very” or “Extremely” important on a 5-point scale)
When researching vendors, service providers use various resources, including referrals and recommendations, Internet searches, publications, industry groups/affiliations and more.

What resources do you use when researching potential new IT vendors/partners and technologies?
(Multiple selections permitted)
Business goals

Service providers are primarily focused on expanding their customer base and their service and solution offerings in the next 2–3 years.

What are your primary business goals for the next 2 to 3 years? (Up to three selections permitted)

- Expand customer base: 79%
- Expand service/solution offerings: 58%
- Improve operational efficiency: 48%
- Sustain current business: 35%
- Expand geographically: 18%
- Reduce operating costs: 14%
- Reduce complexity: 11%
- Improve regulatory compliance: 7%
- Position ourselves for acquisition: 2%
Business challenges

The biggest challenges reported by service providers are attracting new clients and growing their businesses, followed by differentiating their service offerings and finding good partners.

What are the biggest business challenges your company experiences?
(Up to three selections permitted)
Addressing challenges

Service providers want additional support from their vendors on things like pricing models, lead generation and staffing.

What, if anything, could an IT vendor/partner provide that would help you address these challenges?

(Open-ended response. Key themes and supporting quotes reported.)

“Pricing that scales and reduces with our growth.”

“Send referrals for new opportunities.”

“Improve financing options.”

“Attracting top talent.”
Partner with Insight

Insight helps service providers find the best, most profitable ways to differentiate themselves in a changing market while setting the stage for long-term growth. Because of our partnerships and experience with integration and infrastructure, we can help you transform your business and stand out from the competition.

Let us show you how. Contact us today.

1.800.INSIGHT | www.insight.com/serviceproviders

Source: Spiceworks’ Insight Service Provider Research Report, February 2015. Respondents were required to be IT service providers, managed service providers or IT consultants in the U.S.


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