



# **Topic: Managed Service Provider (MSP) – Mastering the Winds of Change**

Market Report: October 2013 – Preview Deck

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- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

<sup>1</sup> Banking, financial services, and insurance

# Background and methodology of the research

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## Background of the research

- Over the last few years, the Managed Service Provider (MSP) market experienced steady growth as well as concurrent elementary changes that are altering the dynamics of the market. Not only are buyer expectation and drivers changing, but also the buyer profile. The service provider landscape too is morphing as is the operating model of the providers. This flux in MSP makes it imperative for buyers to understand what they can derive from the offering in the market and service providers to update/upgrade their service portfolio.
- In this research, we analyze the MSP market across various dimensions
  - Market overview and key business drivers
  - Shifting market dynamics
  - Buyer adoption and solution characteristics
  - Service provider landscape
  - Future outlook

## The scope and methodology of this report includes:

- MSP deals with a minimum of four core processes are included
- Deals with a minimum contract term of two years
- Scope of hires includes temporary/contingent hires, SoW consultants, and independent contractors
- All geographies and industries
- Proprietary database of operational capability of MSP service providers

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# Overview and abbreviated summary of key messages

This research provides comprehensive coverage of the MSP market and analyzes it across various dimensions such as market overview, key business drivers, and shifting market dynamics across buyer adoption trends, solution and transaction trends, and service provider landscape. Additionally, it includes predictions for market size, buyer adoption, solution and transaction trends, and service provider landscape for the MSP market.

Some of the findings in this report, among others, are:

## Market overview

- The managed spend in the MSP market grew by 13-16% in 2012 to reach US\$60-65 billion. The current market size, in terms of Net Fee Income (NFI), is ~US\$1.05 billion

## Shifting market dynamics

- The MSP market has evolved to include varying job families and different types of workers such within its scope
- With increasing maturity, MSPs have started to gain cost benefits through centralization of some MSP processes and pioneering usage of nearshoring/offshoring

## Buyer adoption and solution characteristics

- The large market is the pioneer of MSP but smaller organizations too are increasingly adopting MSP
- Vendor management and transaction-intensive processes are the most frequently included processes in MSP contracts

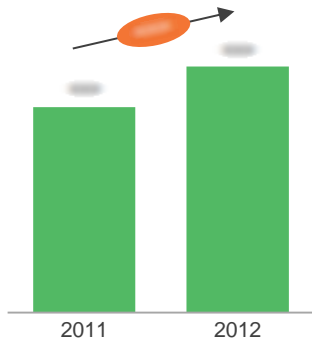
## Service provider landscape

- There are three primary categories of service providers, based on their background and value proposition / approach to the market: staffing-legacy MSPs, pure-play MSPs, and other “new” providers
- While a few providers have global capabilities, a large number of players have regional focus

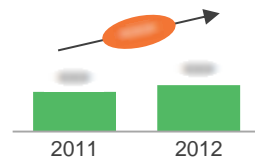
# This study offers four distinct chapters providing a deep dive into key aspects of the MSP market; below are four charts to illustrate the depth of the report

## Market size and growth

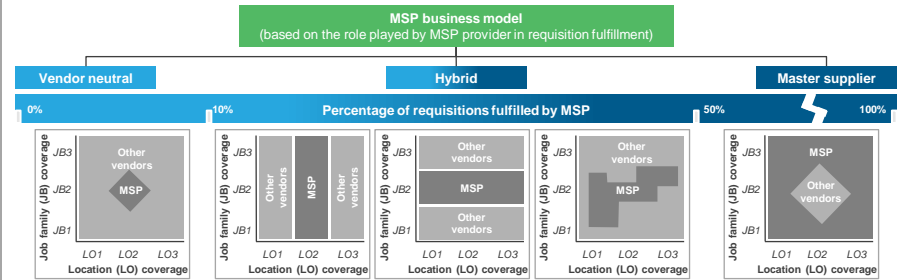
MSP managed spend  
US\$ billion



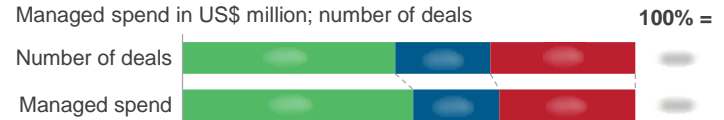
MSP market size  
US\$ billion



## Business models and their prevalence

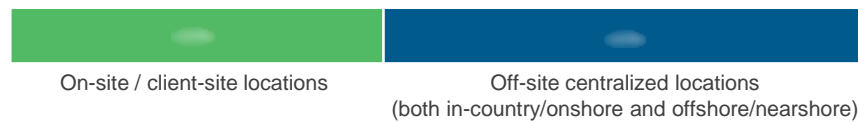


### Prevalence of business models

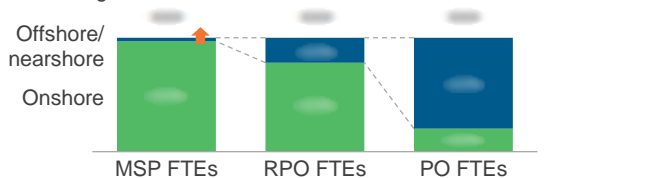


## Delivery models (onsite/onshore/offshore)

Distribution of MSP FTEs  
Percentage of FTEs

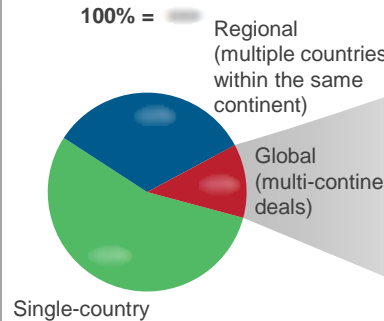


Distribution of service provider FTEs  
Percentage of FTEs

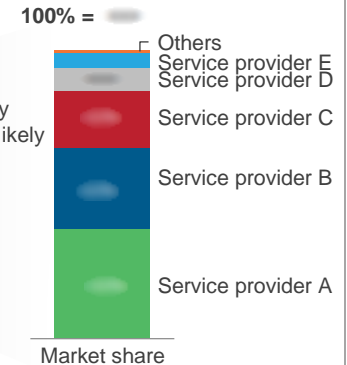


## Service provider share in global deals

Geographic scope of MSP deals  
Percentage of deals



Market share of global deals  
Percentage of deals



Source: Everest Group (2013)

# RPO research calendar

■ Published
 ■ Current

Topic	Release date
RPO Annual Report 2013 – Dichotomy of Market Exuberance and Subdued Economy.....	February-2013
RPO – Service Provider Landscape with PEAK Matrix™ Assessment 2013 .....	April-2013
Managed Service Provider (MSP) – Mastering the Winds of Change .....	October-2013
RPO – Service Provider Compendium 2013 .....	Q4-2013
Sourcing Contingent Workforce – Service Provider Landscape with PEAK Matrix Assessment 2013..	Q4-2013
Sourcing Contingent Workforce – Service Provider Compendium 2013 .....	Q4-2013
Rise of RPO in Asia Pacific .....	Q4-2013



# PO research calendar

■ Published ■ Current

Topic	Release date
Unlocking Value From End-to-End Process Outsourcing: Focus on Procure-to-pay (P2P)	February 2013
Supply Chain Management (SCM) BPO – Beyond Procurement Outsourcing (PO)	March 2013
Procurement Outsourcing (PO) – Annual Report 2013: Expertise and Technology Driving Growth	June-2013
Source-to-Contract (S2C) Outsourcing – Significant Value Potential but Challenging to Implement	October-2013
Managed Service Provider (MSP) – Mastering the Winds of Change	October-2013
PO – Service Provider Landscape with PEAK Matrix Assessment 2013	Q4-2013
PO – Service Provider Profile Compendium 2013	Q4-2013
Growth of Horizontal BPO in LATAM	Q4-2013
The Rise of Procurement and HR Collaboration – Effectively Managing HR-spend	Q4-2013
Evaluation of BPaaS Solutions for FAO/PO/HRO	Q4-2013
Tail-end Spend Management	Q4-2013

# Additional RPO research recommendations

The following documents are recommended for additional insight into the topic covered in this research. The recommended documents either provide additional details on the topic or complementary content that may be of interest

1. **RPO Annual Report 2013 - Dichotomy of Market Exuberance and Subdued Economy** ([EGR-2013-3-R-0850](#)); 2013. Recruitment Process Outsourcing (RPO) continued its momentum in 2012 with record new deal signings. However, due to a decrease in hiring volumes, the RPO market grew at a moderate rate of 12% to touch US\$1.5 billion. This research provides comprehensive coverage of the market across dimensions such as market overview, key business drivers, buyer adoption trends, transaction trends, and service provider landscape. It also provides predictions for the 2013 RPO market.
2. **RPO Service Provider Landscape with PEAK Matrix Assessment 2013** ([EGR-2013-3-R-0860](#)); 2013. RPO market continued its growth in 2012 with record new deal signings. This report examines the global 2013 RPO service provider landscape and its impact on the RPO market. It focuses on service provider position and growth in the RPO market, changing market dynamics, emerging service provider trends and differentiating factors, and assessment of service provider delivery capabilities. It also identifies the key implications of the research findings for buyers and service providers.
3. **Rise of Blended RPO - Addressing the Total Talent Acquisition Need** ([EGR-2011-3-R-0597](#)); 2011. The "Rise of Blended RPO" report provides insights into the value proposition of a total talent acquisition approach leveraging a blended RPO solution. It highlights the drivers behind such an approach; provides an analysis of the benefits in terms of financial, business, and strategic impact; and describes challenges and key considerations for adoption.

For more information on this and other researches published by Everest Group, please contact us:

**Rajesh Ranjan**, Vice President:

[rajesh.ranjan@everestgrp.com](mailto:rajesh.ranjan@everestgrp.com)

**Abhishek Menon**, Practice Director:

[abhishek.menon@everestgrp.com](mailto:abhishek.menon@everestgrp.com)

**Arkadev Basak**, Senior Analyst:

[arkadev.basak@everestgrp.com](mailto:arkadev.basak@everestgrp.com)

## Everest Group

Two Galleria Tower  
13455 Noel Road, Suite 2100  
Dallas, TX 75240

Phone: +1-214-451-3110

Email: [info@everestgrp.com](mailto:info@everestgrp.com)



### At a glance

- With a fact-based approach driving outcomes, Everest Group counsels organizations with complex challenges related to the use and delivery of the next generation of global services
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### Dallas (Headquarters)

info@everestgrp.com  
+1-214-451-3000

### New York

info@everestgrp.com  
+1-646-805-4000

### Toronto

canada@everestgrp.com  
+1-647-557-3475

### London

unitedkingdom@everestgrp.com  
+44-207-129-1318

### Delhi

india@everestgrp.com  
+91-124-284-1000

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