Managed Service Provider (MSP) Annual Report 2020: Leading Through Market Disruption

Managed Service Provider (MSP)
Annual Report – October 2019: Complimentary Abstract / Table of Contents

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Custom research capabilities
- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

Membership information
- This report is included in the following research program(s)
  – Managed Service Provider (MSP)
- If you want to learn whether your organization has a membership agreement or request information on pricing and membership options, please contact us at info@everestgrp.com, unitedkingdom@everestgrp.com, or india@everestgrp.com

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Everest Group's MSP research is based on three key sources of proprietary information

- Everest Group's proprietary database of over **1,300 MSP deals** (updated annually)
- The database tracks the following elements of each MSP deal:
  - Buyer details including industry, size, location, and signing region
  - Deal details including ACV, term, start date, spend managed, primary pricing structure, process coverage, and geographic coverage (at country level)
  - Technology ownership and maintenance
  - Global sourcing

- Everest Group's proprietary database of **operational capability of 22 MSPs** (updated annually)
- The database tracks the following capability elements for each service provider:
  - MSP clients, revenue, service suite, and employees
  - Recent MSP-related developments (investments and partnerships)
  - MSP clients split by geography, industry, scope, and buyer size
  - MSP spend split by geography, source of hires, and type of sourcing model
  - MSP delivery locations and level of offshoring
  - MSP supplier partners by geography

- Ongoing buyer surveys and interactions
- Everest Group's **executive interviews and data collection** from **MSP buyers**
- The data contains the following detailed buyer perspectives about MSP deal:
  - Drivers for adopting MSP and buyer-provider relationships
  - The level of buyer satisfaction and the underlying reasons

The analyses in this report are presented at two levels:
- Overall market analysis that highlights the market composition/dynamics
- The current market trends based on deal activities in the last five years

The sample size varies for different analyses based on the deal detail availability.

Service providers covered in detail in the analyses

AgileOne | ALLEGIS GLOBAL SOLUTIONS | AMN Healthcare

B | Brainnet Verstand van mensen | CAPITA RESOURCING

CROSS COUNTRY HEALTHCARE | FIRCROFT | GRI

guidant global | HAYS Talent Solutions Intelligent Resourcing | HCM WORKS | KELLY OCG

nextSource | pontoon | PRO Unlimited

randstad sourceright | TAPFIN ManpowerGroup Solutions | VOLT Consulting Group

WORKFORCE LOGIQ | workspend | Yoh

Confidentiality: Everest Group takes its confidentiality pledge very seriously. Any contract-specific information collected, is only presented back to the industry in an aggregated fashion

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Overview and abbreviated summary of key messages

This report examines the global 2018 MSP market landscape and the trends being witnessed. It focuses on the three-dimensional growth that that the MSP market is experiencing, due to which the MSP market is accelerating, widening and deepening on various fronts

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

Evolving MSP market dynamics

- The evolving dynamics for contingent workforce can to attributed to changing preferences, consistent growth, and adoption of different engagement models by organizations
- This evolution is pushing organizations to demand next generation services from service providers which is further pushing MSPs to innovate and expand their scope of services

Acceleration of the MSP market

- The MSP market witnessed steady growth of ~13% in 2018 due to rising demand for contingent labor management across geographies and industries
- All the regions posted decent growth rates in 2018, backed by increasing awareness across both mature and emerging geographies
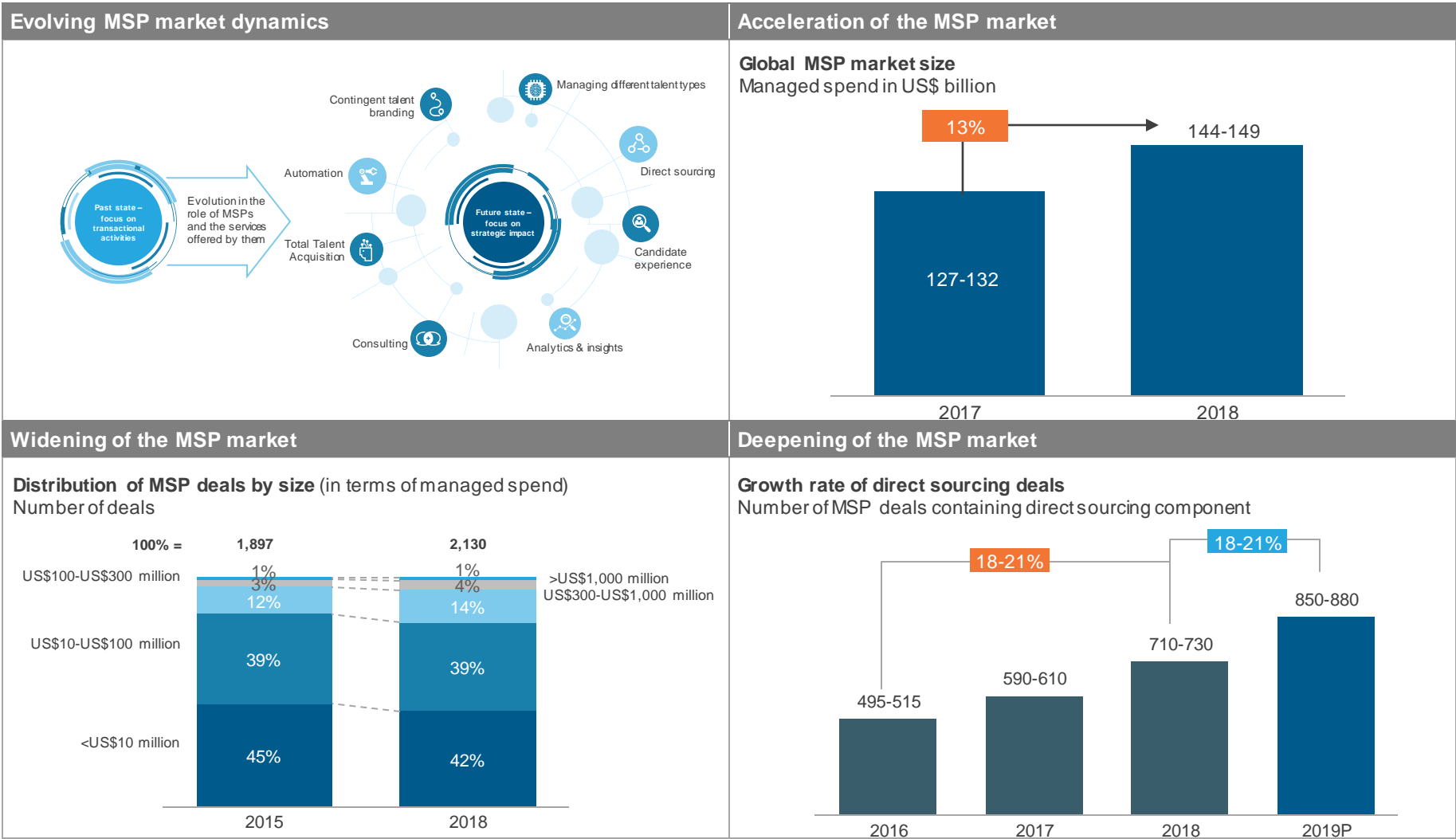
Widening of the MSP market

- Small and mid-market buyers are increasingly adopting MSP services owing to the difficult talent environment and rising awareness about the substantial benefits offered by the MSP model
- This adoption has also been bolstered by increasing demand from new-age industries such as healthcare and retail

Deepening of the MSP market

- As the MSP market is maturing, buyers are looking for additional value in different areas of their MSP engagements such as consulting offerings, value-added services, and SLAs
- Service providers are leveraging new age technologies to provide a more engaging and dynamic candidate experience, as well as to bring advanced insights into their workforce

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This study provides a deep dive into the three dimensions of growth of MSP market; below are four charts to illustrate the depth of the report

Evolving MSP market dynamics

Past state – focus on transactional activities

Evolution in the role of MSPs and the services offered by them

Future state – focus on strategic impact

- Contingent talent branding
- Automation
- Total Talent Acquisition
- Consulting
- Managing different talent types
- Direct sourcing
- Candidate experience
- Analytics & insights

Acceleration of the MSP market

Global MSP market size
Managed spend in US$ billion

- 2017: 127-132
- 2018: 144-149
- 13%

Widening of the MSP market

Distribution of MSP deals by size (in terms of managed spend)
Number of deals

100% = 1,897 (2015), 2,130 (2018)

Deal size	2015	2018
>US$1,000 million	1%	1%
US$300-US$1,000 million	3%	4%
US$100-US$300 million	12%	14%
US$10-US$100 million	39%	39%
<US$10 million	45%	42%

Deepening of the MSP market

Growth rate of direct sourcing deals
Number of MSP deals containing direct sourcing component

- 2016: 495-515
- 2017: 590-610
- 2018: 710-730
- 2019P: 850-880
- 18-21%
- 18-21%

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Research calendar – Managed Service Provider (MSP)

| | Published | Planned | Current release |

Flagship MSP reports	Release date
Managed Service Provider (MSP) Service Provider Landscape with PEAK™ Matrix Assessment 2017- Asia Pacific	December 2017
Managed Service Provider (MSP) Service Provider Landscape with PEAK™ Matrix Assessment 2018	September 2018
Managed Service Provider (MSP) Annual Report 2019 – Navigating Through Unchartered Territories: Is the Industry Compass Ready?	December 2018
Managed Service Provider (MSP) Service Provider Landscape with PEAK™ Matrix Assessment 2019	June 2019
Managed Service Provider (MSP) – Service Provider Profile Compendium 2019	September 2019
Services Procurement (SOW) Service Provider landscape with PEAK™ Matrix Assessment 2019 including Market Trends	October 2019
Managed Service Provider (MSP) Annual Report 2020: Leading Through Disruption	**October 2019**

Thematic MSP reports	
Digital Technologies: The Next Frontier in Talent Acquisition	December 2017
Reimagining Talent Acquisition in a Digital–First Era	March 2018
MSP: A Peek Into Buyers' Mind – Digital and Futuristic Outlook is the Key to Buyers' Delight	August 2018
Digital Startups in Talent Acquisition (Part 3 of 3)	October 2018
Managed Service Provider: A Peek Into the Buyers' Mind	March 2019
Clash of MSP and PO Markets	March 2019
Insights – Best in Class MSP Programs	Q4 2019

Note: For a list of all our published reports, please refer to our website page

Additional MSP research references

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

1. **Managed Service Provider (MSP) – Service Provider Landscape with PEAK Matrix™ Assessment 2019** (EGR-2019-25-R-3207); The global Managed Service Provider (MSP) market is undergoing tremendous change owing to buyer requirements for more strategic solutions. In order to service these additional requirements of buyers, service providers are continuously investing to expand their capabilities in these new areas. They are gradually increasing their technology leverage in analytics, SOW management, and IC management to optimize contingent workforce programs

2. **Managed Service Provider (MSP) Annual Report 2019 – Navigating Through Uncharted Territories: Is the Industry Compass-Ready?** (EGR-2018-25-R-2894); The global Managed Service Provider (MSP) market is growing steadily on the back of rising demand for contingent workforce across geographies and industries. It was expected to witness a growth rate of 10-12% in 2018, backed by ever-increasing demand for temporary workers, rise in adoption of services procurement, and the emergence of the gig economy, resulting in rapidly-increasing numbers of freelancers/ICs

3. **Managed Service Provider (MSP) – Service Provider Landscape with Services PEAK Matrix™ Assessment 2018** (EGR-2018-25-R-2775); The global Managed Service Provider (MSP) market is undergoing tremendous change owing to buyer requirements for more strategic solutions. In addition to the traditional temporary labor, buyers are increasingly relying on their service providers to manage additional types of labor including services procurement / SOW, independent contractor (IC), and permanent labor

4. **Managed Service Provider (MSP) Annual Report 2018 – Towards the Next Frontier – Boldly Going Where Few Have Gone Before** (EGR-2017-3-R-2471); The global Managed Service Provider (MSP) market continued to remain one of the fastest-growing single-process HRO markets. It is expected to pose a high growth rate of 9-11% in 2017, backed by ever-increasing demand for contingent workers, rise in adoption of Statement of Work (SOW), and the emergence of the gig economy, resulting in rapidly increasing numbers of freelancers/ICs

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

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About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empower clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at www.everestgrp.com.

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