

Managed and Professional Services Partnerships: Enabling Organisations to Seize Their Digital Opportunity



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Executive summary

In brief

As digital transformation takes root across enterprises of all sizes in all industries, enterprises are faced with the mandate to “keep the lights on” while also nurturing a focus on innovation across the business to support new sources of revenue and growth. Managed services provide support for enterprise transformation agendas, and also help to optimise systems and processes to enable cost efficiencies that can be diverted to such programmes. This report presents an overview of the findings of an Ovum survey of 250 companies in the UK, which aims to provide a greater understanding of what enterprises need from managed services and what they expect from managed services providers (MSPs).

Key findings

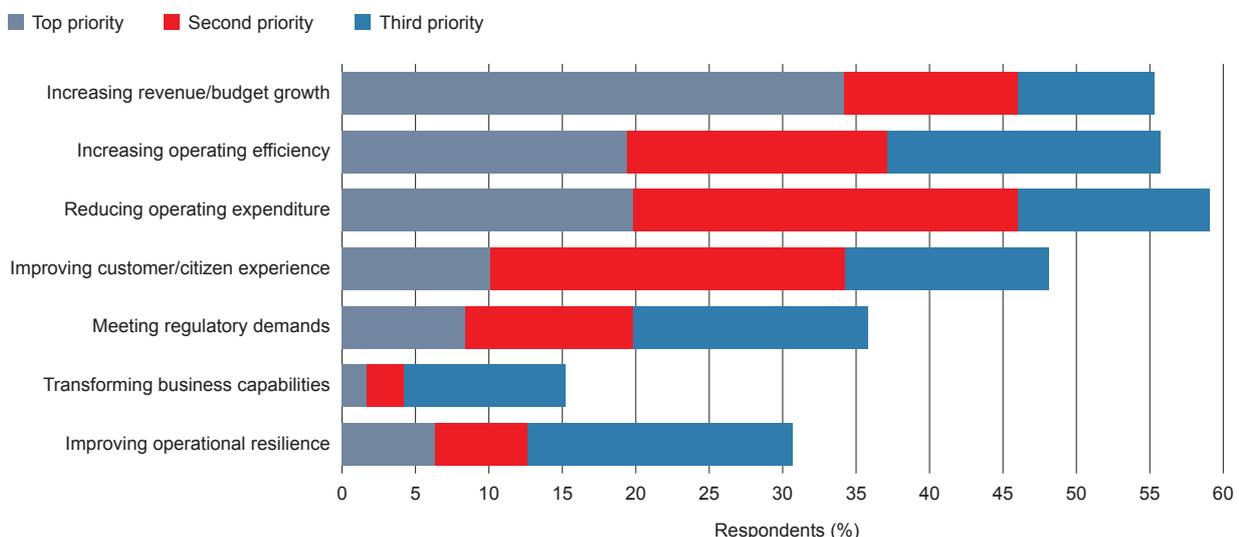
- Managed services are moving beyond the traditional cost efficiency conversation and becoming embedded as the backbone of transformation programmes.
- Enterprises expect MRPs to deliver business outcomes and demonstrate clear value-add, as they struggle to articulate Return On Investment (ROI).
- Flexible and outcome-based pricing models, the ability to deliver cutting-edge technology at competitive price points, and the willingness to form a risk-reward partnership are highly valued by enterprises.
- MSPs are expected to become trusted partners that support transformation agendas, and this relies heavily on their ability to leverage a larger partner ecosystem to provide an end-to-end ICT services offering.
- Professional services and support will be important to many enterprises in overcoming the challenge of integrating complex legacy technologies with modern ones.
- Enterprises need to consider more than just technology and cost before onboarding a provider.

MSPs make great partners for enterprises trying to address major business challenges

Some of the major business challenges faced by enterprises in the UK revolve around finding access to incremental revenue sources, reducing operating expenses, and making business operations more efficient. Ovum’s ICT Enterprise Insights Survey 2017/18 is a global survey of over 5,000 enterprises, which evaluates factors that impact ICT spending and sourcing patterns. The latest iteration of the survey included 237 enterprise customers from the UK. For over 58% of these enterprises, reducing operating expenditure was a key challenge, followed by increasing operational efficiency (56%) and increasing revenues (55%) (see Figure 1).

Figure 1: Reducing operating expenditure is a key challenge for enterprises

Which of the following do you perceive as the top-three business challenges to your organisation?



Note: Sample size: 237. Vertical: All. Subvertical: All. Country: UK. Enterprise size: All.

Source: Ovum ICT Enterprise Insights

Rapidly evolving digital technologies create opportunities and challenges in equal measure, leaving businesses to deal with the constant need to pursue new avenues of growth and efficiencies. The ability to make rapid adjustments and course corrections to adapt to changing market conditions is critical for success, but internal teams often cannot realign and retool fast enough to support these changes. In such scenarios, enterprises often turn to MSPs as an attractive and viable option to improve business productivity and efficiency and reduce costs. This helps to free up people and resources to focus on innovation and delivering the products and services needed for the business to grow.

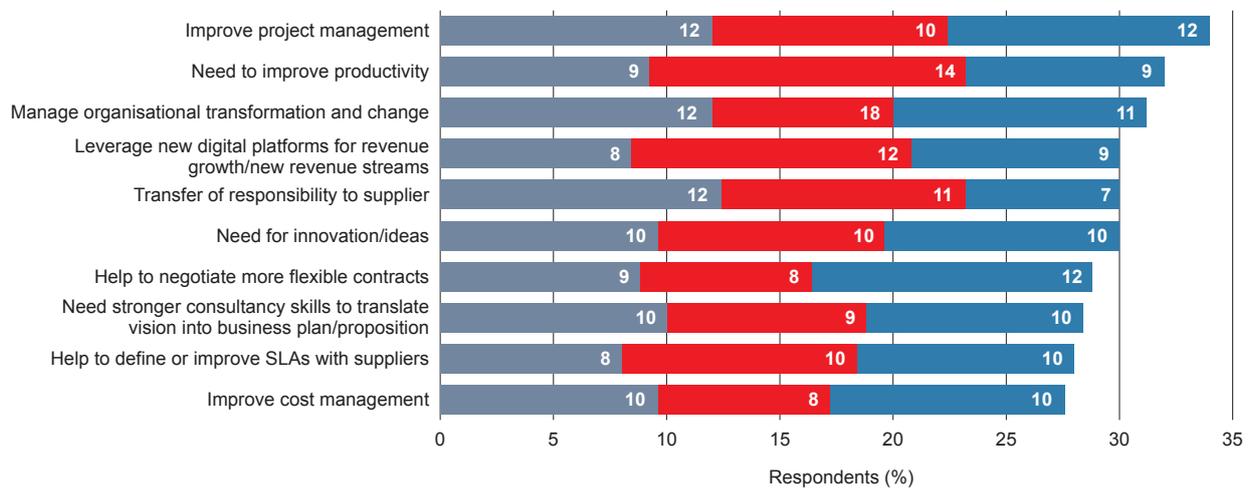
Let the MSP manage operations while you focus on the core of your business

As enterprises embark on transformation programmes that include deploying analytics for customer engagement and risk mitigation, improving collaboration, and migrating workloads to the cloud, they need to reduce infrastructure costs and free up in-house ICT staff to focus on the core of the business. Our survey revealed that enterprises consider an MSP key to improving project management (34%), improving productivity (32%), and managing organisational transformation programmes (31%) (see Figure 2).

Figure 2: MSPs can be trusted to support the business’s growth and profitability

Why did you or would you consider using a managed and professional services provider?

■ Top 1 reason ■ Top 2 reason ■ Top 3 reason



Source: Ovum UK Enterprise Survey

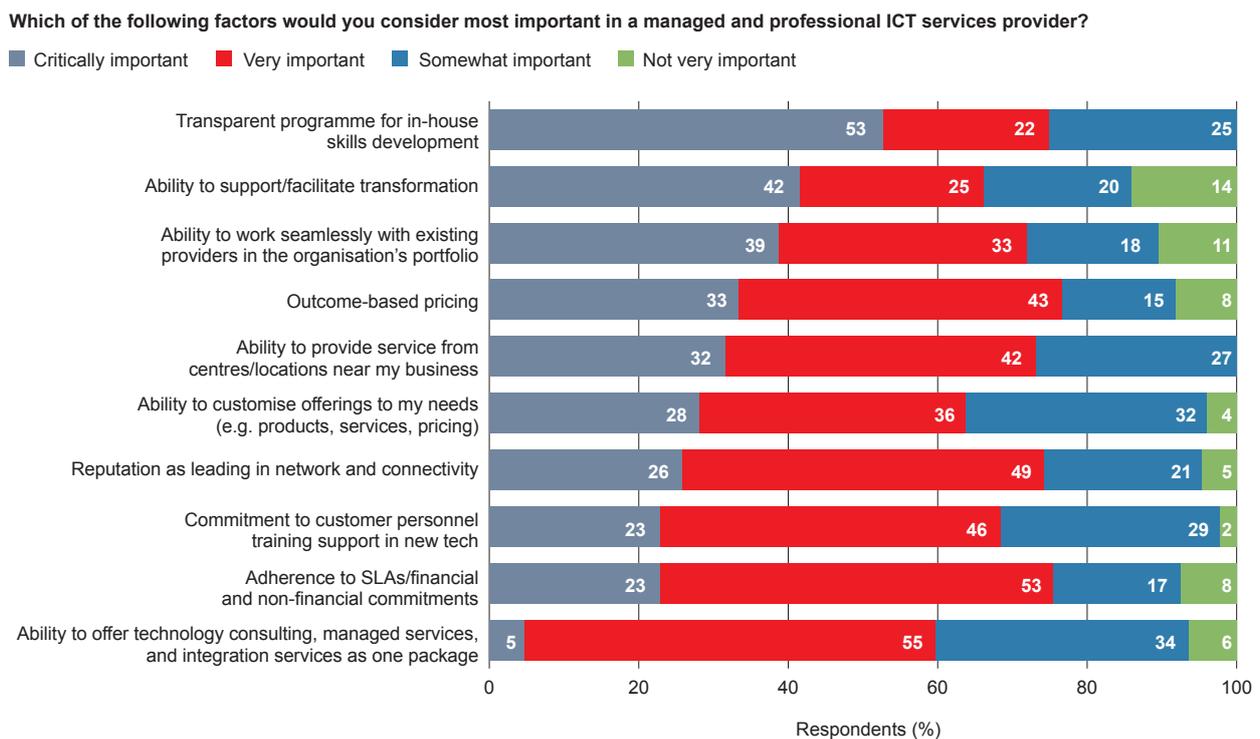
Managed services are moving beyond enabling cost savings; enterprises increasingly expect MSPs to be responsible for mission-critical technologies that form the backbone of the systems that keep the business up and running. Our survey revealed that the top reasons for working with an MSP remained rather consistent across verticals. However, enterprises of different sizes have different expectations of MSPs. While large enterprises (those with more than 1,000 employees) consider that MSPs help to improve productivity, mid-sized enterprises (with 250–999 employees) want an MSP to help them translate business priorities into a technology vision, and see them as enabling innovation. UK-headquartered Multinational Corporations (MNCs) will trust an MSP to improve organisational productivity, provide access to flexible contracts, and help them manage organisational transformation and change.

Like their global counterparts, enterprises in the UK have embarked upon transformation journeys, exploring new avenues for growth and new technologies to enhance profitability and competitiveness. An MSP can free up internal resources – people, time and money – to enable the business to focus on innovation and growth.

Cost is just one part of the equation, as an MSP is now required to deliver business outcomes

An MSP's ability to support transformation initiatives and, more importantly, articulate ROI, is essential. MSPs that can put more skin in the game by offering flexible and outcome-based pricing models while providing cutting-edge technology at competitive price points are valued more highly by their customers. To deliver the levels of services expected of them, MSPs need to be able to leverage a larger partner ecosystem to bring together a robust service offering (see Figure 3).

Figure 3: Delivering business outcomes is considered highly valuable in an MSP



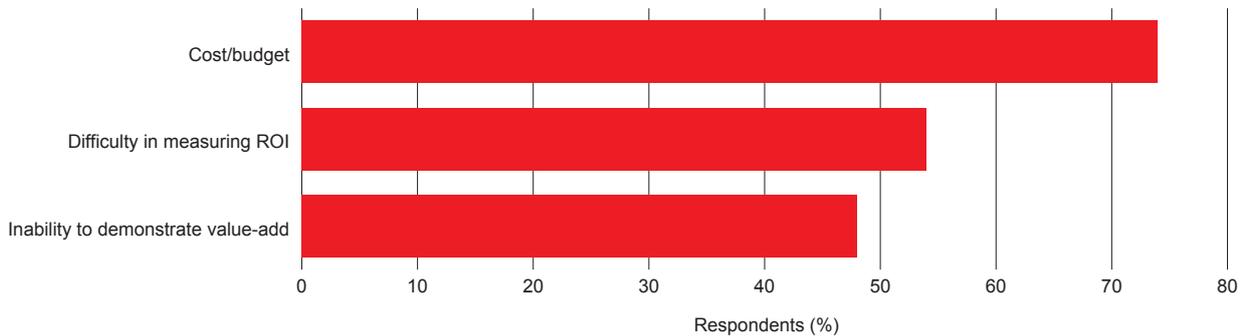
Source: Ovum UK Enterprise Survey

Our survey indicated that various factors that tie in with measuring ROI play an important role in influencing the choice of provider. Enterprises need to reduce infrastructure costs and augment in-house ICT staff when ramping up or down transformation agendas, such as migrating workloads to the cloud or integrating legacy and modern infrastructure and applications. MSPs that can support initiatives that deliver business outcomes and demonstrate clear value-add will have an advantage, as enterprises are struggling with the ability to articulate ROI in managed services (see Figure 4).

While some outcomes are easily measurable, others are not, and this is where enterprises struggle in articulating the value that MSPs bring to the table. An example of this is an MSP's inputs in the development of policies to manage operational, financial, and legal risks; the ability to provide oversight and auditing to ensure compliance in these is highly valued by clients. Evolving into a trusted provider of higher-value services requires MSPs to articulate their unique expertise and how it augments what the business can organically grow itself.

Figure 4: Articulating value-add and demonstrating ROI is critical for MSPs

What are some of the key issues you have faced while using managed and professional ICT services?



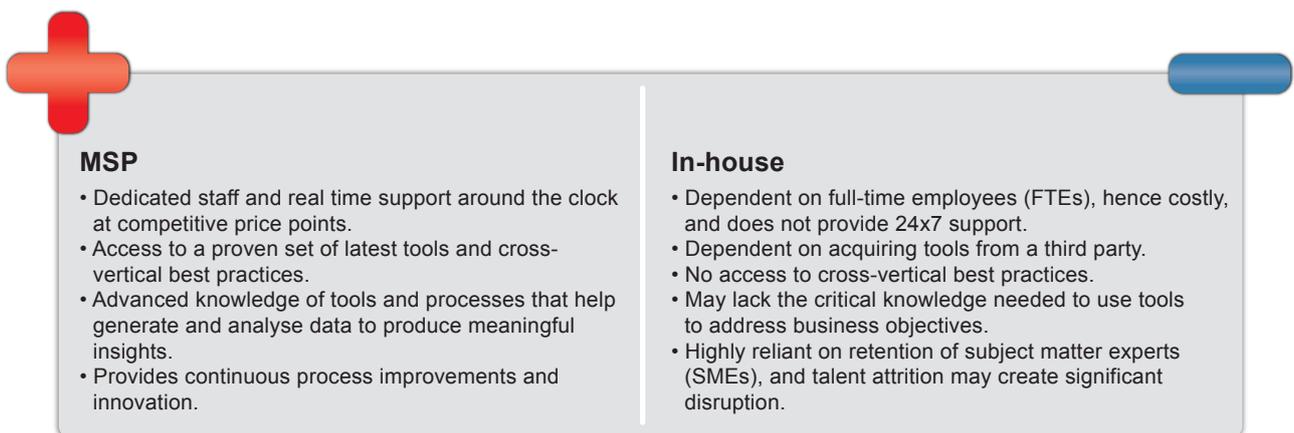
Source: Ovum UK Enterprise Survey

An MSP brings a fresh perspective and access to technology and skills beyond those grown in-house

By the nature of their business, MSPs have their fingers on the pulse of the industry and of the technology and transformation strategies of multiple companies in a vertical. An enterprise can leverage these insights on emerging technologies and the competition to identify and adopt best practices that improve business productivity and open new revenue streams. MSPs become invaluable, as their visibility of direct and indirect competition can be drawn on to guide their customer's technology and spending roadmaps.

There are several ways in which an MSP adds value in an engagement, including streamlining processes to create efficiencies, improving productivity by providing the latest tools, reducing cycle times for service requests, and providing implementation, training, and change management services (see Figure 5).

Figure 5: Working with an MSP has several benefits compared to using in-house resources



Source: Ovum 2018

An MSP is expected to become a trusted partner that supports the transformation agenda, and the ability to leverage a larger partner ecosystem to bring together an end-to-end ICT services offering is critical. Our survey respondents commented that an MSP's ability to proactively support their business priorities and help them prepare for any eventuality was very important (see Figure 6).

Figure 6: Respondent comments: What makes an MSP a trusted advisor?



Source: Ovum UK Enterprise Survey

An MSP is a coach, a guide, and a partner, so finding the right one is critical for success

To ensure that the business can select the right MSP for its requirements, it's essential to ask the following questions:

- Is the MSP asking the right questions? A good MSP will take the time and effort to understand the priorities and goals of the business. Expect a good MSP to ask a lot of questions. Key questions may include the following: What specific resources do you expect from your network service provider? What are the specifications that apply to different workloads? How do you want data managed and moved?
- Does the MSP offer monitoring and support around the clock? A good MSP will have dedicated monitoring systems that can identify problems before they shut down the network. Choose an MSP that has proven system monitoring tools and protocols and can offer a similar service level regardless of location or scale.
- Can the MSP offer inputs to guide the formulation of strategic roadmaps? A top-class MSP will be able to offer valuable inputs to guide corporate IT strategy, insights into quarterly technology performance, budget planning, and business impact analysis.
- Does the MSP have references? A good MSP won't hesitate to provide references and will have a solid track record, which can be seen in client retention rates. Another indicator of a good MSP is a large pool of professional, knowledgeable consultants (and the ability to attract and retain top talent!), who understand what it takes to keep the business up and running within the boundaries of a predictable budget.
- Does the MSP understand the quirks of the industry? A knowledgeable MSP will have a deep understanding of the intricacies and challenges specific to an industry or sub-vertical. This will enable the MSP to make recommendations, not just for how to improve the hardware, but also for how to improve the workflow, useful training programmes, and how to leverage systems and applications to derive optimal performance.

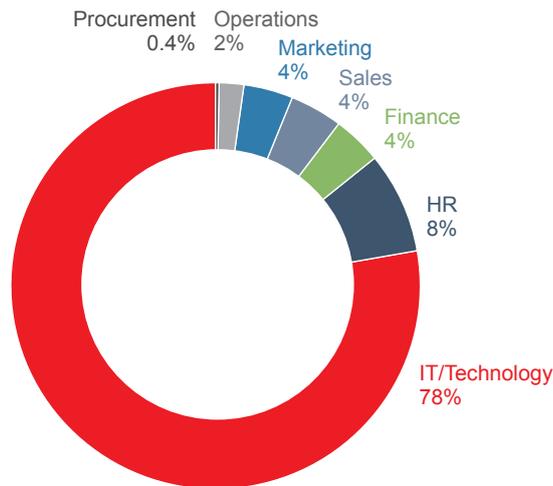
Appendix

Methodology

This white paper was sponsored by Virgin Media Business, and it includes results from an extensive telephone-based primary research survey comprising responses from 250 senior decision-makers in the UK to understand the "voice of the customer." The views expressed in this white paper are based on Ovum's ongoing research into the managed services and technology markets, which takes into account the opinions of vendors and retailers.

Ovum conducted a survey of ICT decision-makers in 250 companies across the UK during 4Q 2017 (see Figure 7).

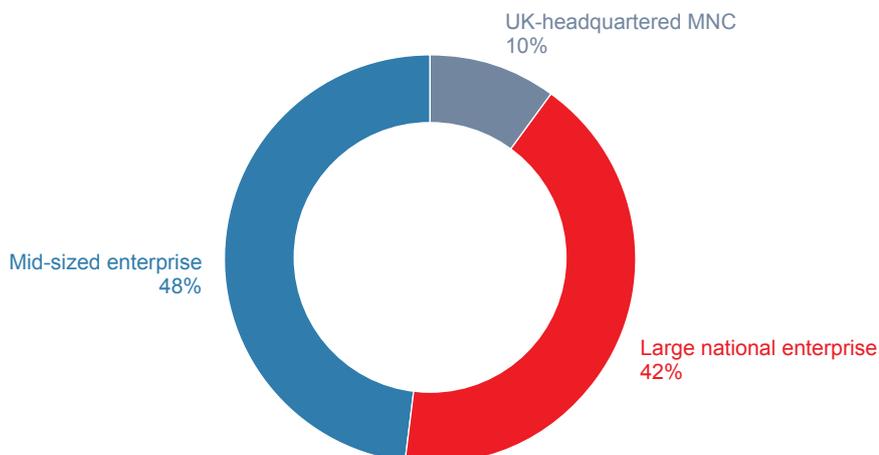
Figure 7: Breakdown of survey respondents by business unit or function



Source: Ovum UK Enterprise Survey

The respondents were further divided by enterprise size to study how business challenges and needs differ among these segments (see Figure 8). The enterprises were split into three categories: UK-headquartered MNCs (with 5,000+ employees, present in multiple countries, with at least 15% FTEs located in the UK), mid-sized enterprises (with 250–999 employees), and large national enterprises (with 1,000+ employees).

Figure 8: Breakdown of UK-based survey respondents by enterprise size



Source: Ovum UK Enterprise Survey



ABOUT OVUM

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