

Enterprise Requirements for MSPs 2011 Research Highlights

Summary Findings

In February/March 2011, ENTERPRISE MANAGEMENT ASSOCIATES® (EMA™) analysts, in association with management solutions provider Nimsoft, conducted primary research regarding the use of Managed Services Providers (MSPs) by enterprise organizations. More than 100 executives, mid-level managers, and individual IT contributors from mid-sized and large organizations (between 1000 and 20,000 employees) contributed their experiences and opinions.

In general, our research indicated a broad existing practice and future interest in use of MSPs across a number of technology and organization areas. EMA analysts recommend that any organization seeking to balance business priorities against near-term and long-term operating costs consider MSPs, either as a means to supplement existing staff and organizations or as a primary approach to operations.

The State of MSP Use

Management Functions

The most common management functions currently outsourced to MSPs were Storage/Recovery (56%) and Service Desk/Help Desk (44%). Of those planning additional outsourcing of management functions to MSPs, Service Desk/Help Desk was the most common priority (54% of the subset, or 20% of overall respondents). Smaller organizations were almost twice as likely as their larger counterparts to be planning Service Desk/Help Desk outsourcing. Executives were as likely or more likely than their non-exec peers to be planning to outsource every tested category of management function – and most remarkably were 2.3 times more likely to be contemplating Storage/Recovery management outsourcing.

Technologies and Infrastructure Domains

A majority of respondents who were currently engaged with an MSP indicated that Virtual Servers (68%), Data Center Infrastructure (61%), and Physical Servers (56%) are under MSP management. Among those planning additional technology management outsourcing, top targets were Storage and Virtual Servers (both 51%). Executives were more likely to be considering almost every technology type for outsourcing to MSPs than their non-exec peers – especially LAN/WAN (3:1), Physical Desktops (2:1), and Virtual Servers (1.7:1).

Applications, Services, and Platforms

The only applications, services and platforms that a majority of respondents reported as currently managed by MSPs were Hosted Applications (53%) and Databases (50%). Those reported as planned for MSP management by a majority of respondents were Private Cloud (60%) and, again, Hosted Applications (60%). Executives were equally or more likely to be planning outsourcing of all such resources – with a particularly high relative tendency to do so versus their non-exec peers when it came to Databases (2.2:1), SaaS Applications (2:1), VoIP (2:1), and Video (3:1)

Drivers, Desires and Barriers for Engaging MSPs

Reasons for Considering MSPs

The top three reasons reported for engaging an MSP were cost reduction (41%), access to greater technical expertise/depth (37%), and the ability to better focus on the core business (36%).

Executives were more interested than non-executives in accelerating Cloud adoption (2.6:1) and avoiding capital expense (1.8:1), and were more likely to believe that skilled resources were otherwise not available (2.3:1). On the other hand, non-execs were more likely than executives to emphasize cost reduction (1.6:1) and better coverage for off-hours (1.7:1).

Responses also varied significantly based on the size of the respondent's organizations. For example, achieving improved focus on core business was twice as important for larger organizations than it was for smaller ones, while smaller organizations were 2.6 times more likely than larger ones to be looking to MSPs for better coverage during off-hours.

MSP Qualities Most in Demand

The attributes most sought by enterprises when selecting an MSP were Proven Expertise/Depth of Expertise (66%), Reputation/Reference (55%), Service Level Agreements (55%), and Solid Capital Base/Vendor Stability (50%). Executives placed higher importance than non-execs on a broad range of all attributes, expressing twice as much concern about Implementing ITIL-Certified Practices, Industry-Specific Certifications, having Mid-market/Enterprise Customers, and Owning/Leasing a Tier 3+ Data Center.

Enterprises agreed that there were a number of reasons that they might consider outsourcing to more than one MSP at the same time. These reasons included Balancing Risk/Business Continuity (73%) and Differing Domains/Technology Expertise (66%).

Concerns with MSP Outsourcing

Security Risk (68%) was the only inhibitor/barrier to engaging an MSP cited by a majority of respondents, although about half also cited Loss of Control. Across the board, executives expressed these concerns more than their non-exec counterparts. Some variations were also apparent based on organization size, with larger enterprises relatively more concerned with Loss of Control and smaller shops relatively more concerned with Uncertainty of Cost and Lack of Responsiveness.

Looking Ahead – 100% MSP Engagement

As a measure of how well extensively the industry is now embracing the MSP model, nearly one third (31%) of respondents indicated that they could envision a time when all of their IT would be managed by MSPs. Executives were over twice as likely to consider this a possibility (50%) than non-execs (21%).

About EMA

Founded in 1996, Enterprise Management Associates (EMA) is a leading industry analyst firm that provides deep insight across the full spectrum of IT and data management technologies. EMA analysts leverage a unique combination of practical experience, insight into industry best practices, and in-depth knowledge of current and planned vendor solutions to help its clients achieve their goals. Learn more about EMA research, analysis, and consulting services for enterprise IT professionals, lines of business users, and IT vendors at www.enterprisemanagement.com or follow EMA on Twitter (http://twitter.com/ema_research).

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