



Global SMB Insights and GTM Strategy Consulting

Press Release

Remote Managed IT Services for SMBs are Set to Grow Rapidly in North America

SMB Demand & Supply-Side Drivers Will Restructure the SMB IT Services Industry, says AMI Research

Source:

http://www.ami-partners.com/index.php?target=news&mode=details&news_id=87

New York, New York – November 9, 2009 – With increasing demand from small and medium businesses (SMBs) as well as increasing supply, remote managed services have emerged as a rare growth area in this tough economy. As a result, annual spending on remote managed IT services by North American SMBs is expected to increase 3.3 times in the next five years, representing a compounded annual growth rate of 28%, according to a new report, *The Emerging SMB Managed IT Services Market Opportunity in North America* just published by AMI-Partners.

“While SMBs have been steadily increasing their reliance on IT over the last several years, they have always been challenged in managing their growing IT infrastructures. The severe economic conditions of the last one year have forced SMBs to look for more cost effective ways to manage their IT. Remote managed services offered by 3rd parties provide 24/7 availability of critical IT infrastructure without increasing the need for internal IT staff according to Anil Miglani, SVP of IT Infrastructure and Managed Services at AMI. Some SMBs use remote IT services selectively for critical areas like security and storage, while others are now extending the use of remote services to manage PCs, servers, networks, communications equipment & devices, etc. Yet, the industry is still in its initial stages. “Of the total installed base of 60 million PCs and 8 million servers in North America, only a tiny fraction is currently managed remotely, offering tremendous growth opportunities for managed service providers” says Miglani.

At the same time, local channel partners are increasingly offering remote managed services to better serve their customers with fewer resources. While some partners deliver remote services from their own infrastructures, others have started relying on cloud-based infrastructure including remote management software that has dramatically reduced their barriers to entry. “By using automated software to remotely

monitor and manage their customers' infrastructures, channel partners have increased their productivity while also improving their service levels", according to Melissa Chong, Senior Research Analyst at AMI and chief architect of the study." However, with increasing reliance on automated software to deliver the services, these channel partners need to shift their focus from technical staff to sales & marketing staff in order to get new customers and manage their customer relationships.

The potential growth of this market is also attracting several new types of providers like telecom companies, IT vendors, distributors, retailers and online resellers in the SMB IT services market currently dominated by local channel partners. Given the diverse and fragmented nature of the SMB market, channel partners will continue to play a critical role in serving these customers. Therefore, most of these new providers will need to understand the local channel partner ecosystem to capitalize on their close relationships with SMBs.

Related Studies

AMI's just-published "*The 2009 Emerging SMB Managed IT Services Market Opportunity in North America: How Cloud Computing is Transforming the SMB IT Services Industry*" provides a comprehensive overview of the rapidly evolving remote managed services market in North America from both demand-side and supply-side perspectives. The study will help business planners and marketers understand the key dynamics of this fast-growing, but still highly fragmented market in North America. It explores the key patterns and drivers of end user adoption, and discusses the different models services providers are using to support them. It also presents detailed market sizing and forecast for nine types of managed services in the US and Canada along with key market segments for various services and strategies for targeting these segments. This research draws on AMI-Partners' comprehensive quarterly and annual surveys of small (1-99 employees) and medium (100-99 employees) businesses and channel partners as well as detailed discussions held with several managed service providers and other key players in this market.