

# Managed Services Provider (MSP) Industry Analysis

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# Contents

Executive Summary.....	2
Scope & Definition.....	3
Market Context.....	4
Market Size .....	6
Growth Trajectory.....	7
Segmentation .....	8
Customer Segmentation.....	12
Geography.....	14
Demand Drivers.....	15
Strategic Trends.....	16
Supplier Ecosystem.....	17
Competitive Landscape.....	18
Valuation.....	19
Transactions.....	20
Landscape Gaps.....	21



## Executive Summary

# European MSP market - five numbers that frame the thesis

<b>\$350bn</b> <b>GLOBAL MSP MARKET (2025)</b> <p>Trending to \$850bn by 2034 - a 10.4% CAGR fuelled by hybrid cloud, cyber exposure, and substitution of in-house IT.</p> <p><i>Drake Star</i></p>	<b>9-13x</b> <b>EBITDA MULTIPLES</b> <p>European MSP deals stabilised at 9.0-10.5x EV/EBITDA; cyber-led platforms reach 13x on recurring revenue and margin durability.</p> <p><i>Private market median</i></p>	<b>120+</b> <b>Q1 2026 DEALS</b> <p>Strategic and financial buyers in a 'consolidate or be consolidated' window. Europe = 60% of volume, US = 40% of value.</p> <p><i>Drake Star tracker</i></p>	<b>€31.2bn</b> <b>NIS2/DORA SPEND</b> <p>Mandatory annual compliance floor across ~160,000 entities - security has shifted from cost line to board-level liability.</p> <p><i>EU regulatory mandate</i></p>	<b>299k</b> <b>ICT TALENT GAP</b> <p>Persistent shortfall of cyber and cloud specialists across the EU - the scarcity input that re-rates MSP unit economics.</p> <p><i>European Commission</i></p>
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*The MSP layer is being repriced upward as AI accelerates outsourced delivery. Scaled platforms with cyber depth, sovereign capability, and AI-native operations are commanding premium multiples.*

## Market context

# How AI is repricing the MSP layer

01

### Tier-1 automation

Agentic AI handles routine tickets, up to 70% of service desk tasks. Platforms with scale absorb tooling cost; subscale providers cannot.

02

### Shorter implementation

AI-assisted delivery compresses migration and integration timelines, freeing senior engineers for higher-margin advisory work.

03

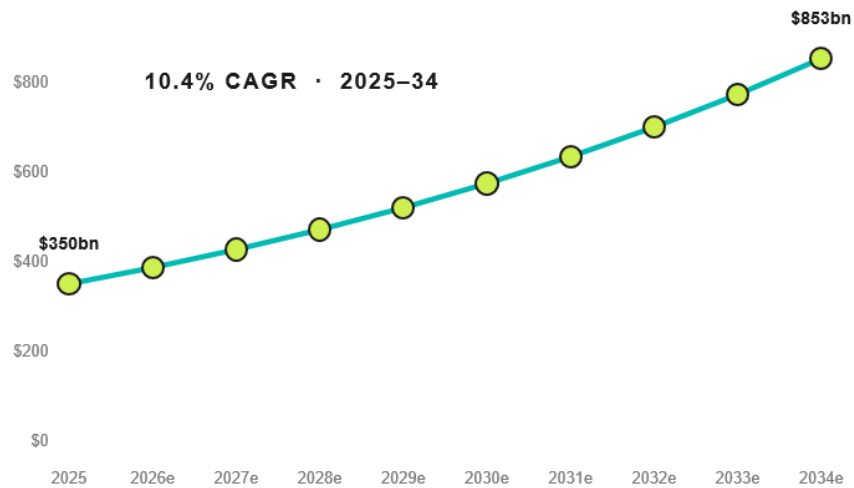
### Margin uplift for scale

Best-in-class report 15-25% technician productivity gains and EBITDA margins 10-15 pts above industry average.

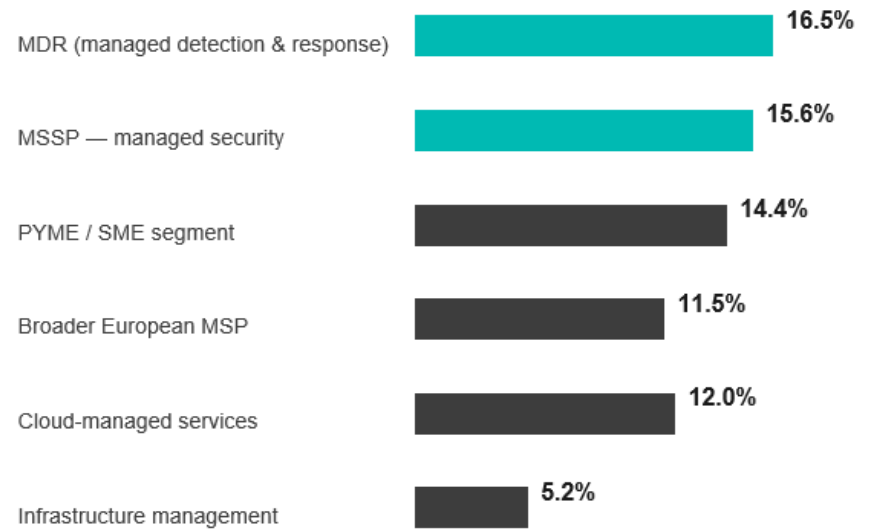
## Growth Trajectory

# Where the growth is: segment CAGRs through 2031

GLOBAL MSP MARKET (USD bn, 2025 - 2034e)



EUROPEAN SEGMENT CAGRs (through 2031)



### GROWTH CONCENTRATION

Managed security and MDR are the fastest-growing pools - driving multiple premiums of 20-40% over generalist MSPs.