A photograph of a server room with rows of server racks. The racks are filled with server units, and the room has a grid ceiling with recessed lighting. The image is slightly dimmed to make the text stand out.

Managed Services Provider (MSP) Industry Analysis

Market Research · May 2026

Now, for tomorrow



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Executive Summary

European MSP market - five numbers that frame the thesis

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

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.

Scope & Definition

What sits inside - and outside - the MSP perimeter

Third-party providers that operate, monitor, and manage client IT environments under multi-year recurring contracts. The MSP umbrella covers five operating models, distinguished by the risk they assume on the client's behalf.

ADJACENT - REFERENCED, NOT IN-SCOPE

- Pure-play SaaS resellers
- Break-fix IT support
- Traditional systems integrators
- Big Four IT advisory practices

GEOGRAPHIC SCOPE

Global market with concentrated lens on Europe and the US - Europe = 61% of Q1 2026 deal count, US=39% but the largest single market by absolute deal value.

INFRA

Infrastructure MSPs

Network, server, end-user device management; the historical core of the industry.

CLOUD

Cloud-managed services

Hyperscaler operations, FinOps, cloud-native platform support.

MSSP

Cybersecurity-led MSSPs

24/7 SOC, threat detection and response, compliance as the fastest-growing segment.

CONN

Connectivity providers

UCaaS, SD-WAN, IoT connectivity with operational resilience for distributed enterprises.

VERT

Vertical specialists

Healthcare, legal, education, FS, public sector with moats through deep domain expertise.

Market context

The AI bifurcation: software compresses, services accelerate



SOFTWARE

Multiples compressing

AI-native leaders 10-20x revenue; broader SaaS reset to 4-8x. Investor selectivity has separated platforms with AI traction from the rest of the stack.



SERVICES & MSPs

Multiples expanding

MSPs sit at the structural centre of enterprise AI adoption. As cloud, cyber, data and AI workloads fragment, demand for outsourced expertise compounds. AI accelerates, not disintermediates.

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.

Market size

Market sizing - triangulation across four research sources

EUROPEAN MSP MARKET BASELINE (2025-2026, USD bn)

Source	2025 Base	2026 Forecast	CAGR	Scope difference
Mordor Intelligence	\$59.36 bn	\$67.52 bn	13.78%	Excludes BPO and pure telecom
Markets and Markets	\$95.60 bn	\$100.50 bn	5.2 - 16.5%	Includes full collaboration and mobility
Grand View Research	\$100.37 bn	\$109.90 bn	9.5%	Broadest scope - includes data centre
Intel Markets (MSSP only)	\$17.30 bn	\$19.20 bn	10.8%	Strictly managed security

Estimates diverge primarily on scope definition - communications, BPO, and data centre inclusion drive a 70% range across sources.

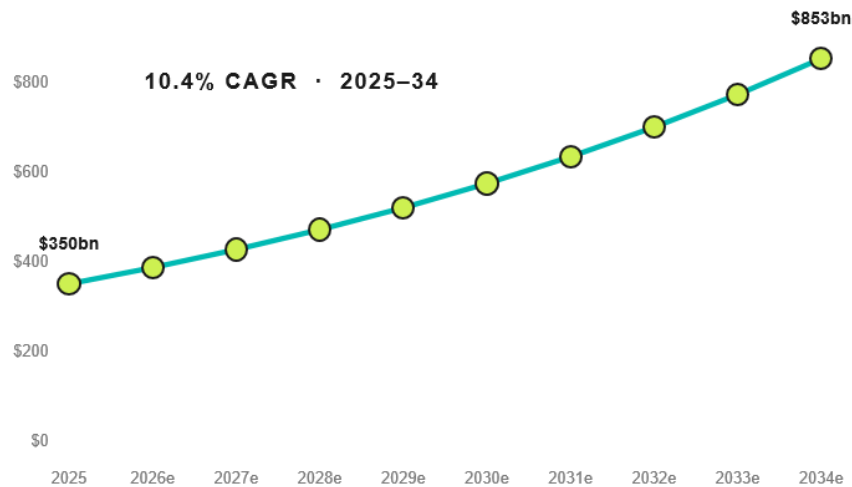
TRIANGULATED BASELINE

European MSP TAM = \$60-100bn depending on scope; global anchor = \$350 bn in 2025 -> \$850 bn by 2034 (10.4% CAGR). The European market is the most active region globally for cross-border MSP M&A.

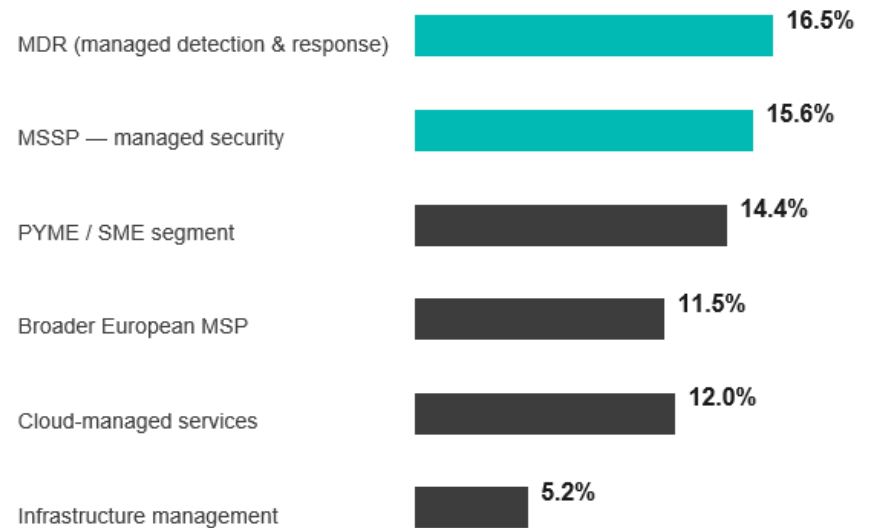
Growth Trajectory

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.

Segmentation

Service line lens - four archetypes, distinct M&A profiles

MSSP

Managed Security

Risk-driven / High-complexity

High-value targets. MSSPs command 20-40% premiums over generalist MSPs - high barriers from compliance stickiness.

31%

**of total MSP
market**

15.6%

CAGR - 2031

12-13x

EV/EBITDA

Segmentation

Service line lens - four archetypes, distinct M&A profiles

CLOUD

Cloud-Managed / Hyperscaler

Skills-led / Orchestration

Certification density matters. Cognizant/3Cloud (\$252M revenue) illustrates the value of cloud-native data and analytics capability.

26%

of European spend

12.0%

CAGR - 2031

10-13x

EV/EBITDA

Segmentation

Service line lens - four archetypes, distinct M&A profiles

INFRA

Pure Infrastructure

Commodity / Efficiency-led

Consolidation play. Multiples are stable but lower unless combined with high-margin security or automation IP.



Segmentation

Service line lens - four archetypes, distinct M&A profiles

SOVR

Sovereign Cloud / Vertical

Value-added / Jurisdictional

Strategic moats. Attractive for acquirers hedging US CLOUD Act exposure - certifications take 2-3 years to build organically.

\$69bn

EU TAM (2026)

n/a

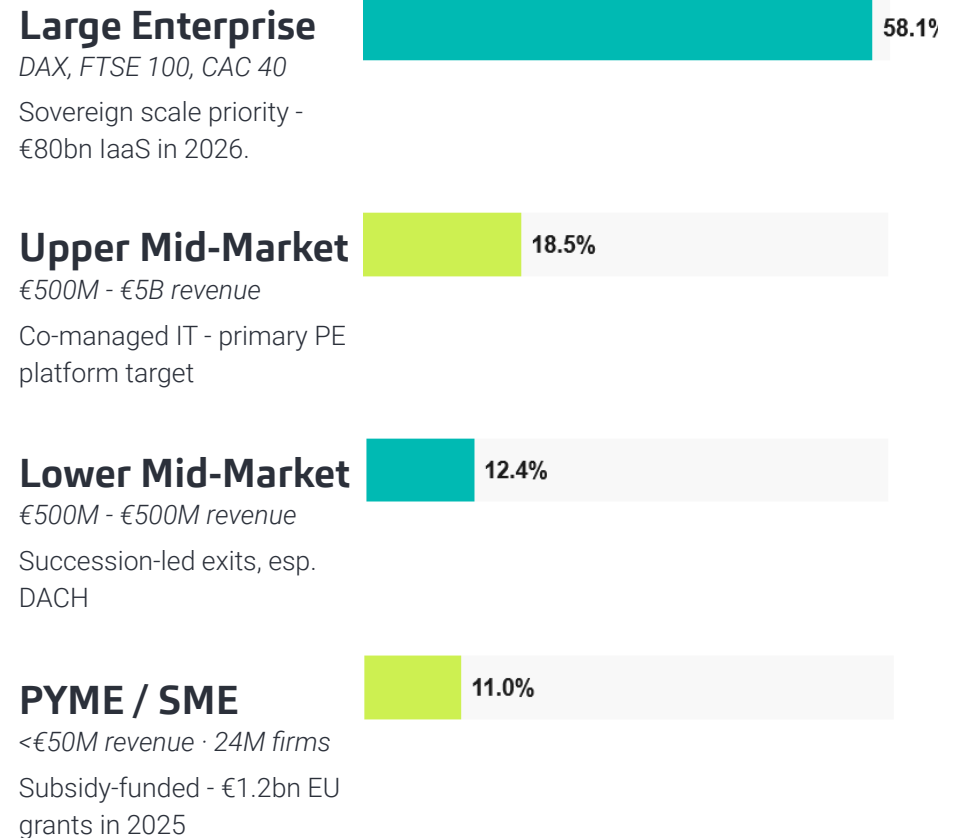
CAGR - 2031

14x+

EV/EBITDA

Customer segmentation

Customer segmentation - enterprise spend, mid-market growth



Customer segmentation

Customer segmentation - enterprise spend, mid-market growth

REGULATED VERTICALS

Public sector, healthcare, defence - driven by absolute legal and operational independence requirements.

Healthcare

Fastest-growing vertical · MedTech up to 14.4x EBITDA.

15.7%

CAGR - 2031

Defence

EU military budgets +50% vs 2025; secure waveforms & AI mission.

9%

annual budget growth

Public sector

€180M EU sovereign cloud tender awarded Q1 2026.

35%

sovereign AI by 2027

Geography

Geographic breakdown - UK leads, CEE delivers, Iberia consolidates

United Kingdom

21.4% share
13.9% CAGR

Largest single market · BFSI hub · two-speed deal flow

DACH

28.5% share
11.2% CAGR

Pragmatic exits · Mittlestand succession · Industrial moat

France & Benelux

19.8% share
10.5% CAGR

Sovereign AI leadership · cross-border logistics hub

Iberia

10.3% share
12.5% CAGR

Investment +70% vs 2023 · PE recovery frontier

Eastern Europe

8.7% share
14.0% CAGR

Nearshore delivery engine · 70k engineers/yr in PL

Nordics & Other

11.3% share
10.8% CAGR

DOLLR.cloud · consolidated · advanced cyber market

WHITE-SPACE OPPORTUNITY

Northern Europe is consolidated. Iberia (Spain +26& YoY) and CEE (Poland 14% CAGR, fastest in region) are the open consolidation runways for 2026-2028. Nearshore delivery from PL/RO offers 40-60% cost arbitrage against Western European labour.

Demand drivers

Three driver categories - coerced modernisation, not innovation-led

REGULATORY

€31.2bn

Mandatory annual EU compliance spend

160k Entities under NIS2 mandate

24-hr Breach notification window

Board Liability now personal

NIS2 and DORA have made cybersecurity a board-level personal liability. Cyber-resilience moved from cost line to mandate.

ECONOMIC

299k

Persistent ICT talent gap in the EU

7-10% Annual cyber salary inflation

40-60% Nearshore (PL/RO) cost saving

\$150k Senior engineer replacement cost

Talent scarcity is the structural input that re-prices MSPs. Internal IT models can't keep pace; pooling engineers across clients is the only path.

TECHNOLOGICAL

68%

Of EU enterprises run 3+ clouds

22% Have in-house multi-cloud skill

\$400bn Hyperscaler 2026 capex

20% Geopatration by 2026 (Gartner)

The 'Complexity Gap' is the demand engine. Enterprises need orchestrators - MSPs that can bridge hyperscale, sovereign, and on-prem.

Strategic trends

Four trends defining the 2026 MSP playing field

01

MSP/MSSP convergence

Security is no longer add-on - it's the core deliverable

NIS2 + DORA have merged managed IT and security delivery. Omdia tracked 17 MSSP-capability acquisitions in 2025. Cyber-mature MSPs command 20-40% premium multiples.

17

MSSP acquisitions in 2025

02

Sovereign cloud rise

Geopatriation reshapes the hyperscaler dependency

20% of workloads shifting from global to local providers by 2026. €69bn EU sovereign cloud TAM. €180M EC tender to Post Telecom, STACKIT, Scaleway, Proximus.

20%

Geopatriation by 2026

03

AI as MSP accelerator

Agentic AI automates Tier-1, freeing senior capacity

Pia, Rewst, MSPbots automate up to 70% of routine service desk tasks. Best-in-class MSPs report 15-25% technician productivity gain.

70%

Tier-1 tickets now AI-automated

04

Hyperscaler pay-for-performance

Partner rebates shift from resale to outcome

AWS, Azure, GCP now reward AI traction and consumption growth — not seat resale. MDF drives 30%+ of organic pipeline for top-tier MSPs.

30%+

of organic pipeline from MDF

Supplier ecosystem

Five tiers, concentrated power, structural lock-in

HYPERSCALERS

Cloud Infrastructure



85% of EU enterprise cloud sits here. Partner status gates enterprise wins; rebates time-lag 90-120 days.

HIGH CONC.

SOVEREIGN CLOUD

EU-Native Infrastructure



€69bn TAM 2026. €180M EC tender awarded Q1. CLOUD Act-exempt - strategic moat for regulated workloads.

GROWING CONC.

RMM/PSA

Operational Backbone



3-6 month switching cost = pricing power. ~20% of MSP cost base. Mature oligopoly with annual price escalation.

HIGH CONC.

SECURITY TOOLS

Cybersecurity / XDR



Microsoft Defender bundling shifts share. CrowdStrike enterprise-favourite; SentinelOne autonomous AI wins mid-market.

MODERATE CONC.

DISTRIBUTION

Procurement & Financing



TD SYNnex \$80bn annual volume. Provides credit lines for hardware refresh – liquidity-as-a-service.

HIGH CONC.

Competitive landscape

Five competitive archetypes - primary M&A targets highlighted

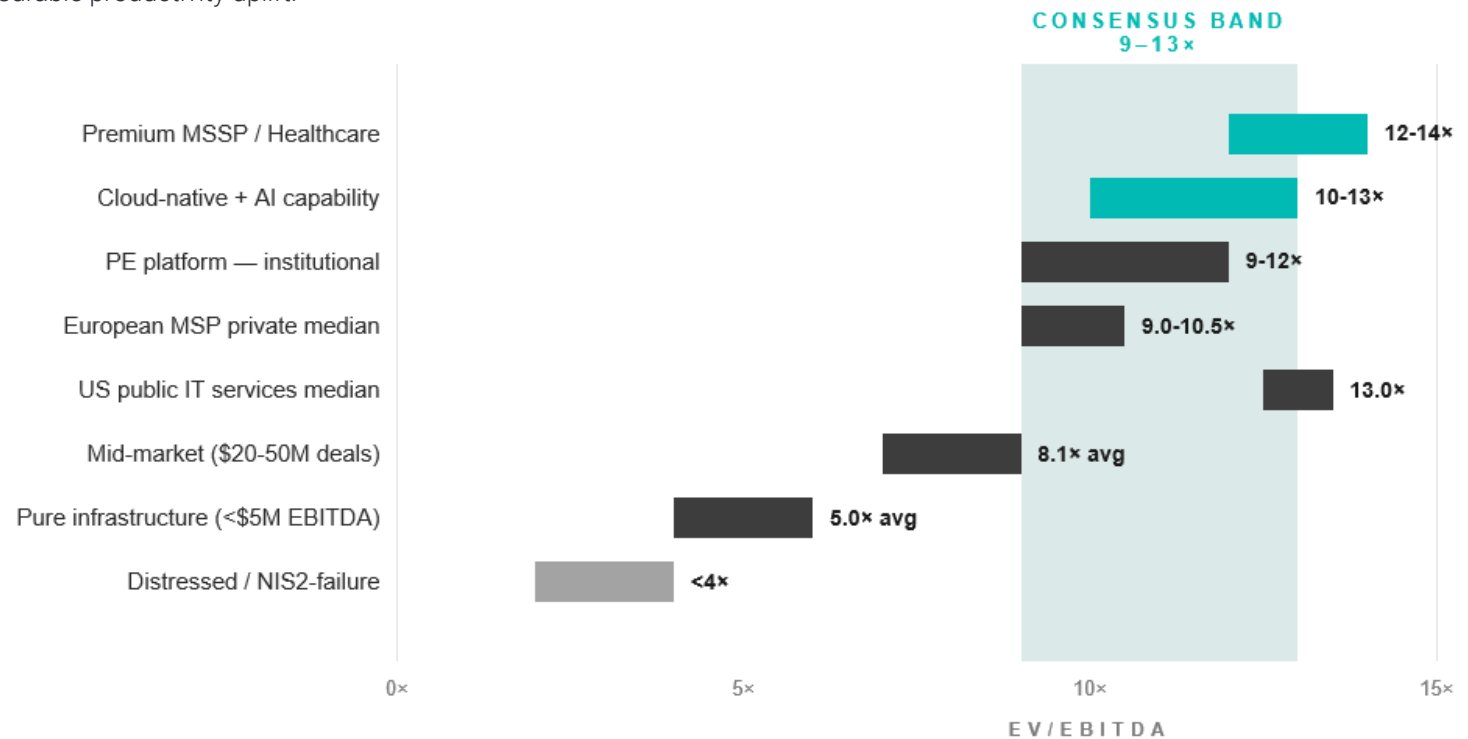
<p>GLOBAL SIs <i>Outcome-led incumbents</i></p>	<p>Capgemini · Accenture · T-Systems · NTT DATA <i>Full-stack scale - €5.9bn Capgemini Q1 2026 rev (+25% Ops & Engineering)</i></p>	<p>BUYERS</p>
<p>INDIAN MAJORS <i>Transformation partners with EU footprint</i></p>	<p>TCS · Infosys · HCL Tech · Wipro <i>40-60% cost arb · TCS \$2.3bn AI run-rate · Infosys +12% EU growth</i></p>	<p>BUYERS</p>
<p>MSSPs / SPECIALISTS <i>Compliance moats and threats response</i></p>	<p>Orange Cyberdefense · BT Security · Redsquid · S21sec <i>15.58% CAGR · 24/7 SOC capability · NIS2/DORA compliance specialism</i></p>	<p>PRIMARY TARGETS</p>
<p>PE ROLL-UP PLATFORMS <i>Decentralised buy-and-hold consolidators</i></p>	<p>Evergreen · Your.Cloud · Thrive · Focus Group · TechOne <i>Evergreen 47 deals in 2025 · Your.Cloud €350M + rev across 40+ companies</i></p>	<p>PRIMARY TARGETS</p>
<p>NATIONAL CHAMPIONS <i>Hardware-led, defending borders</i></p>	<p>Bechtle · Computacenter · Cancom <i>Hardware sourcing dominance pulls through managed services margin</i></p>	<p>ADJACENT</p>

Valuation

Football field - valuation ranges by archetype, consensus band 9-13x

PREMIUM TRIGGERS

Three signals justify >12x valuations: (1) 24/7 SOC capability, (2) >80% recurring revenue, (3) proprietary automation IP delivering measurable productivity uplift.



Transactions

Recent comparables - five transactions that frame the playbook

Date	Transaction	Geography	Deal size	Strategic Rationale
JUL 2025	SoftwareOne > Crayon	CH/NO · Pan-EU	CHF 1.6bn	Strategic scale - €80-100M synergies, global software lifecycle champion across 70 countries
FEB 2025	Sophos > Secureworks	UK/US · MSSP	\$859M	MDR capability play - Thoma Bravo-backed; Taegis XDR + endpoint protection across 28k orgs
Q1 2026	Cognizant > 3Cloud	US · Cloud-native	\$252M rev	Azure-anchored cloud + AI capability - 1,200 employees, brings data and analytics depth
SEP 2025	Salt Mobile > Monaco Telecom	CH/MC · Cross-border	CHF 585M	Telecom-MSP convergence - geographic expansion, diversification into higher-margin IT services
2019-2022	DBAG > Cloudflight	DACH · Mittelstand	5 deals, 3x rev	Buy-and-build blueprint - formed from 2 boutiques + 4 add-ons; sold to Partners Group with DBAG re-invest

Landscape Gaps

Where the white space is - five opportunity zones for 2026-2028

CAPABILITY

€69bn

EU TAM 2026

Sovereign cloud specialists

AWS European Sovereign Cloud launched Jan 2026

Acute MSP shortage of AWS-certified, EU-resident operators for public sector and regulated workloads. Targets: adesso, Arvato Systems.

CAPABILITY

15.7%

CAGR > 2031

Healthcare-specialist MSSPs

Fastest-growing regulated vertical

Highly fragmented MSP provision across European health systems. Clinical trial data privacy + medical device network management.

CAPABILITY

160k

ENTITIES UNDER MANDATE

Continuous compliance

NIS2/DORA/GDPR as managed service

Most MSPs still treat compliance as one-off project. White space for packaged 'Compliance-as-a-Service' with GRC tooling and boutique vertical depth.

Landscape Gaps

Where the white space is - five opportunity zones for 2026-2028

GEOGRAPHY

+70%

INVEST. VS 2023

Iberian density play

Spain +26% YoY · Italy fragmented MSSP

Mid-market roll-up runway. Anchor candidates: Nextret, Inforges (Spain); Telefónica Tech and S21sec dominate enterprise but mid-market is open.

GEOGRAPHY

40-60%

COST ARBITRAGE

Healthcare-specialist MSSPs

Poland & Romania nearshore engine

Poland fastest-growing (14.0% CAGR); 70k ICT graduates/yr. Targets: Scalo, rinf.tech for delivery-driven platform formation.

STRUCTURING

Earn-outs & rollovers

Mitigate key-man risk

- 6 - 24 month earn-outs tied to EBITDA
- 10-25% equity rollover for founders
- JV-first for emerging AI capability

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