



State of Managed Services 2025

Navigating the Shift to Outcome-Based Value

Luke Ronkowski,
Senior Director of Managed Services
Research and Advisory, TSIA





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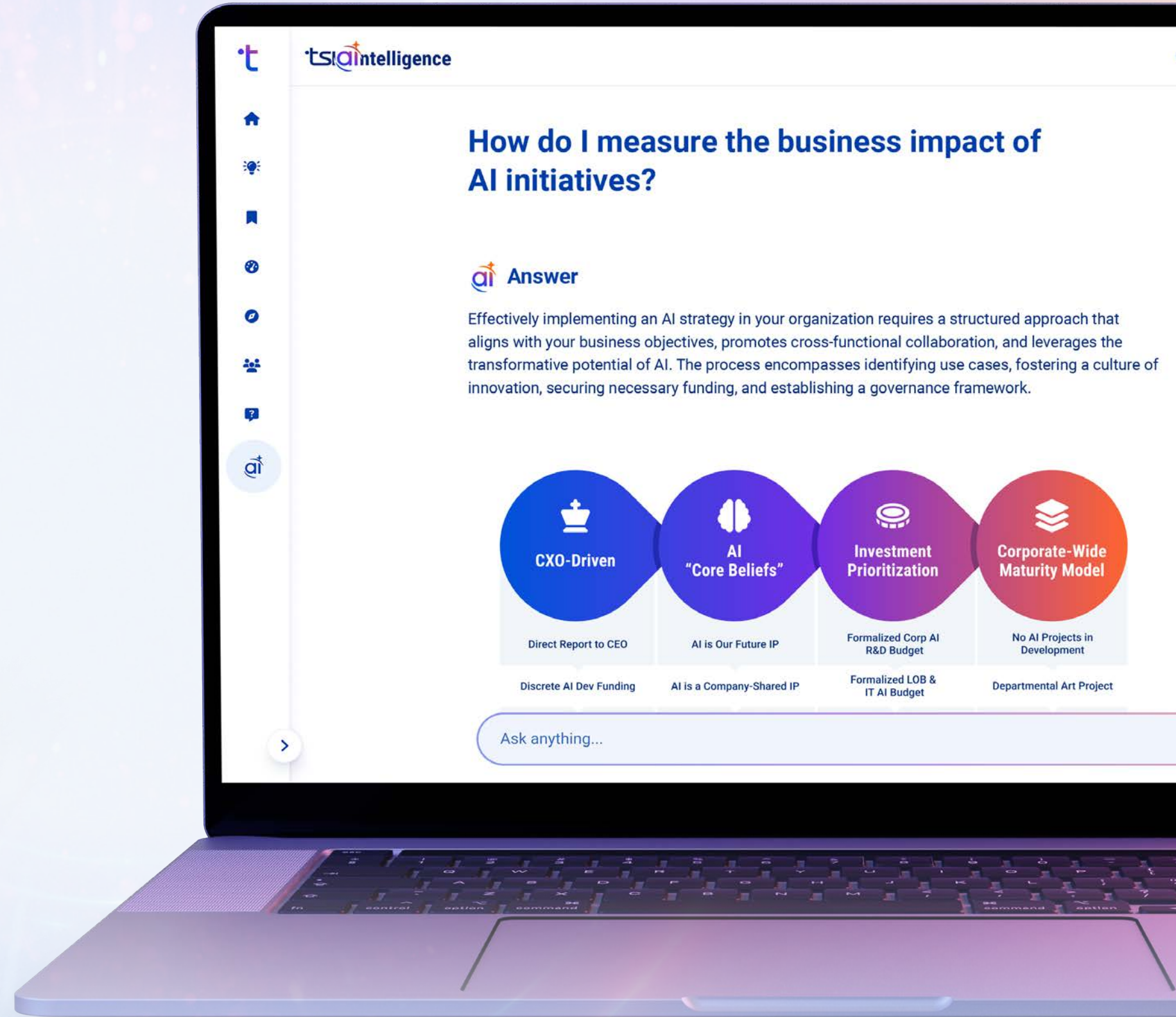
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Overview

The managed services industry is undergoing a significant transformation, with a clear shift towards outcome-based services and a growing emphasis on customer success. This transition is driven by increasing customer demand for tangible business value and measurable ROI. Managed Service Providers (MSPs) must evolve their offerings, operational structures, and KPIs to meet these rising expectations.

This ebook explores MSPs' key challenges and opportunities in this evolving landscape, drawing on industry insights and data-driven analysis. It delves into the critical trends shaping the future of managed services, including the adoption of AI, the role of customer success, and the shift toward value-driven pricing models. By understanding these dynamics, MSPs can proactively adapt their strategies and position themselves for success in the outcome-based era.

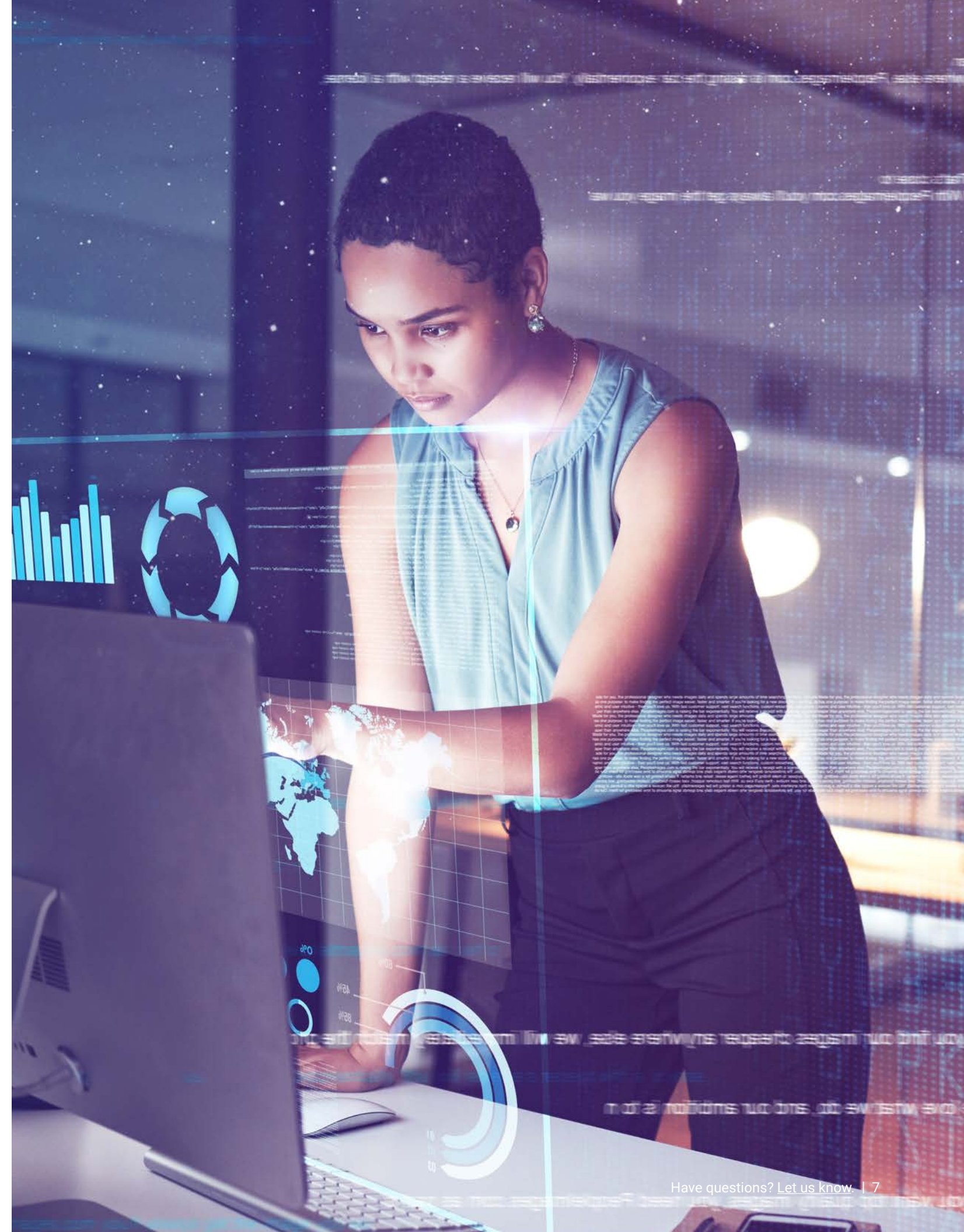
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Managed Services: 2024 Year in Review

The past year has been a dynamic period for managed services providers (MSPs). There was an accelerated shift towards outcome-based services, driven by increasing customer demand for tangible business value. This trend reshapes the managed services landscape, compelling providers to evolve their offerings, operational structures, and key performance indicators (KPIs). Gone are the days when simply keeping the lights on was sufficient. Today's customers expect MSPs to be strategic partners, actively contribute to their business goals, and drive tangible ROI.

Looking ahead, MSPs must double their commitment to customer success by leveraging data-driven insights and automation to deliver exceptional experiences, and measurable outcomes. [The rise of artificial intelligence \(AI\)](#) presents both a challenge and an opportunity. MSPs must strategically invest in AI-powered tools and technologies to optimize service delivery, enhance predictive capabilities, and unlock new levels of efficiency. Those who successfully navigate these trends will be well-positioned to thrive in the evolving managed services market.



Preparing Managed Services for 2025:

Top 3 Challenges



Optimizing Managed Services Organizational Structure

Traditional organizational structures often hinder MSPs from effectively delivering [outcome-based services](#). Siloed teams, reactive support models, and a lack of cross-functional collaboration impede agility and responsiveness. MSPs must adopt customer-centric structures that foster proactive engagement, knowledge sharing, and seamless service delivery.

Driving Business Value Through Customer Success

Demonstrating and communicating the value of [managed services through customer success](#) remains a key challenge. MSPs need to go beyond basic [service level agreements \(SLAs\)](#) and develop robust frameworks for measuring and reporting on business outcomes. This requires a deep understanding of customer goals, strong data analytics capabilities, and effective communication strategies.

Evolving KPIs and Best Practices

Traditional KPIs focused on operational efficiency are no longer sufficient in an outcome-based world. MSPs must adopt new metrics that align with customer success and business value. This is where our [KPIs and Best Practices for Measuring Managed Services Research Journey](#) began, with the goal of developing a comprehensive framework for assessing the success of managed services.

This includes tracking customer satisfaction, revenue growth, cost reduction, and innovation. Furthermore, best practices around service delivery, customer engagement, and talent management must be continuously refined to support outcome-focused business models.

Top Trends in Managed Services for 2025

Higher Adoption of Customer Success for Managed Services

A poll was conducted and found that [managed service providers \(MSPs\) prioritize customer success](#). Many invest in dedicated teams and programs to boost customer satisfaction, encourage product adoption, and increase customer lifetime value. While most are still in the early stages of implementing these initiatives, it's clear that companies recognize the importance of proactive onboarding, ongoing relationship management, and personalized support to help customers achieve their goals.

Overall, how would you describe the current state of your customer success program for managed services?

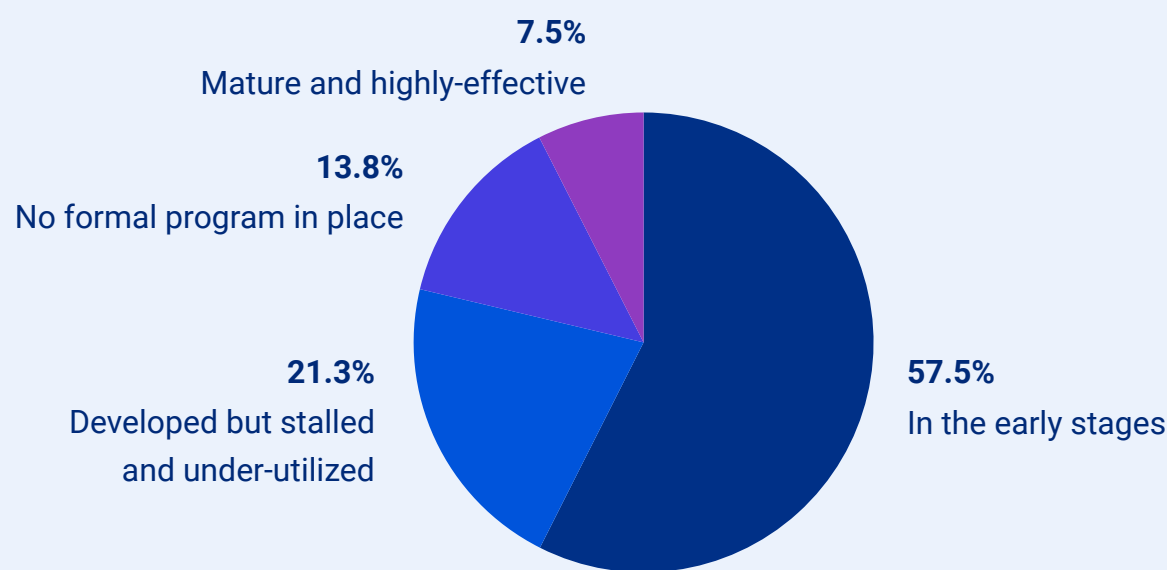


Figure 1: Over half of respondents are still in the early stages of developing a customer success program for their managed services. Source: TSIA's 2024 Customer Success in Managed Services Quick Poll

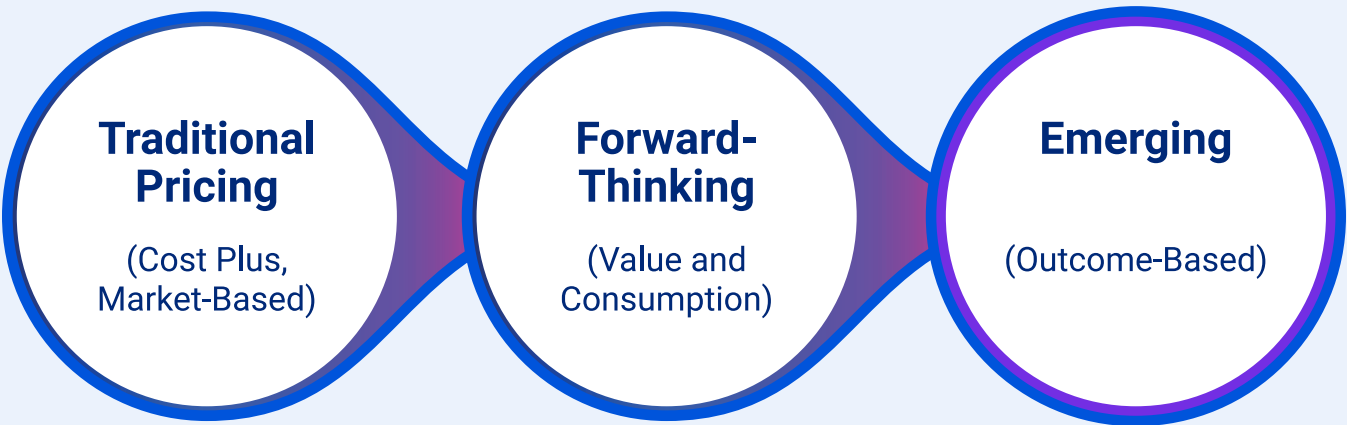
AI in Service Delivery

AI has already significantly enhanced service delivery. Managed Service Providers (MSPs) now utilize AI-powered chatbots and virtual assistants to provide instant support, freeing human agents for complex issues.

Predictive analytics allow MSPs to anticipate and proactively address problems like potential cyberattacks or hardware failures. AI also automates routine tasks like software updates, which increases efficiency and reduces errors. [This adoption of AI](#) enables MSPs to provide faster, more proactive, and personalized support, ultimately improving customer satisfaction.

Shifting Away From Cost-Plus Pricing

The shift away from traditional cost-plus pricing reflects a move towards outcome-focused IT solutions. Customers now demand [pricing models](#) that directly align with their business goals and demonstrate tangible value.



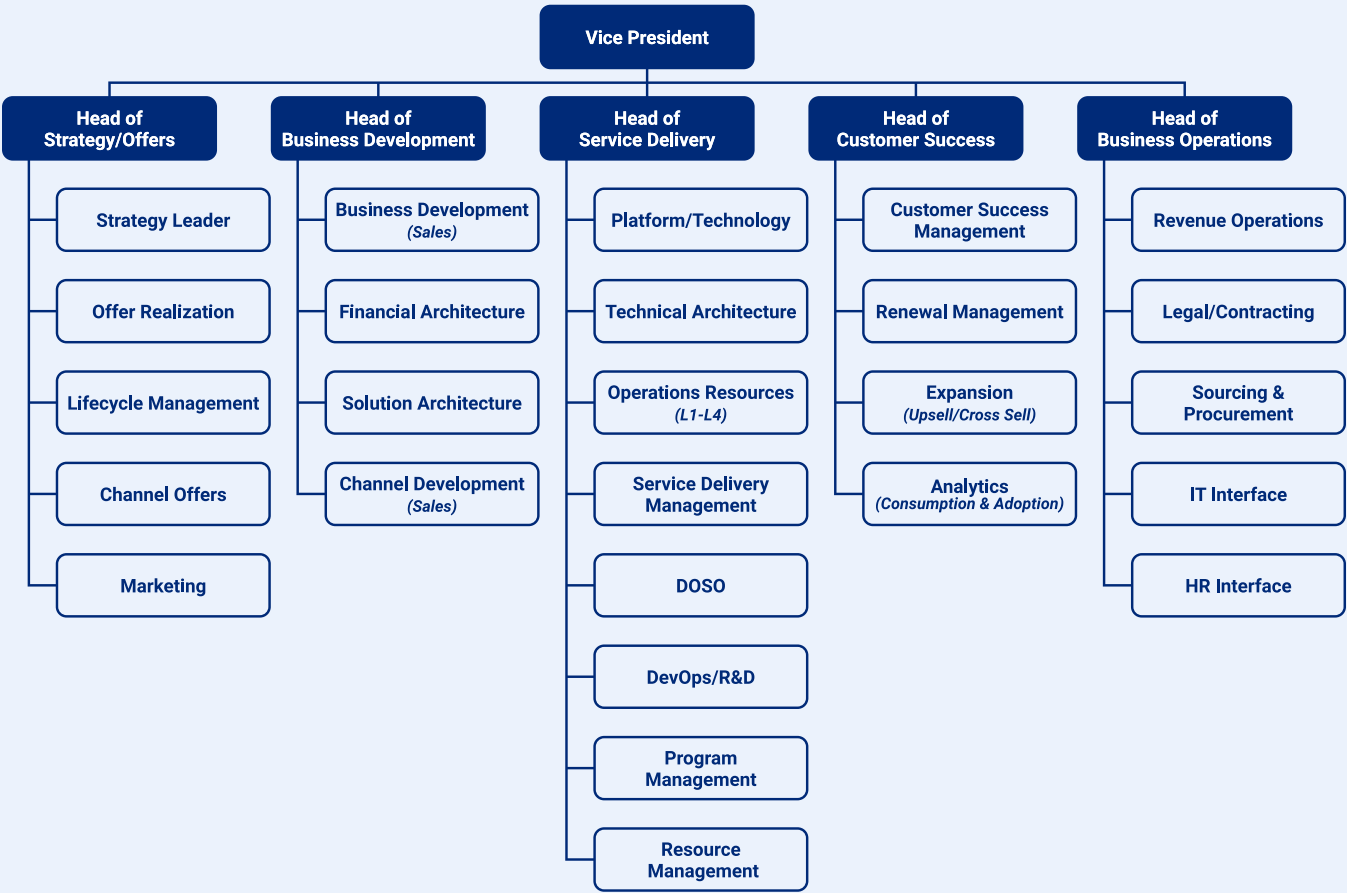
Forward-thinking MSPs are adopting flexible pricing strategies like subscriptions, which provide predictable recurring revenue. Value-based pricing focuses on specific outcomes delivered, such as increased efficiency. These new models allow MSPs to better demonstrate their value, strengthen customer relationships, and position themselves for growth.

Recommendations for Managed Services in 2025

Develop a Well Defined Managed Services Organizational Structure

A successful Managed Services organization requires a well-defined structure that aligns with its goals and customer needs. Establish clear roles and responsibilities across service delivery, customer success, and sales. Implement a tiered support system backed by ITIL methodologies to handle various customer issues efficiently, which will ensure swift resolutions and customer satisfaction.

Proposed MS Org Structure (High Level)



Foster collaboration and knowledge sharing between teams through regular meetings, shared documentation, and cross-training initiatives. This will help break down silos and promote a unified approach to service delivery. Finally, consider a dedicated team for service improvement and innovation, focused on proactively identifying opportunities to enhance service offerings and operational efficiency.

Driving Business Value With Customer Success

To [drive business value](#), prioritize customer success as a core organizational function. Begin by developing a deep understanding of your customers' businesses, goals, and challenges. This allows for personalized service delivery and proactively identifying opportunities to add value.

Implement robust onboarding processes to ensure smooth transitions and set clear expectations. Regularly measure customer satisfaction through surveys and feedback sessions, using the insights gained to improve service delivery and your managed offers continuously.

Finally, establish a clear path for customer growth by upselling relevant services and fostering long-term partnerships. In a recent quick poll, only 8% of respondents say they can consistently identify and close expansion opportunities. This is critical because a recent survey showed that only 8% of businesses consistently capitalize on expansion opportunities, emphasizing the need to drive early adoption.



8% of respondents say they can consistently identify and close expansion opportunities.

How would you describe your customer success team's ability to drive customer expansion and upsell opportunities for your managed services?

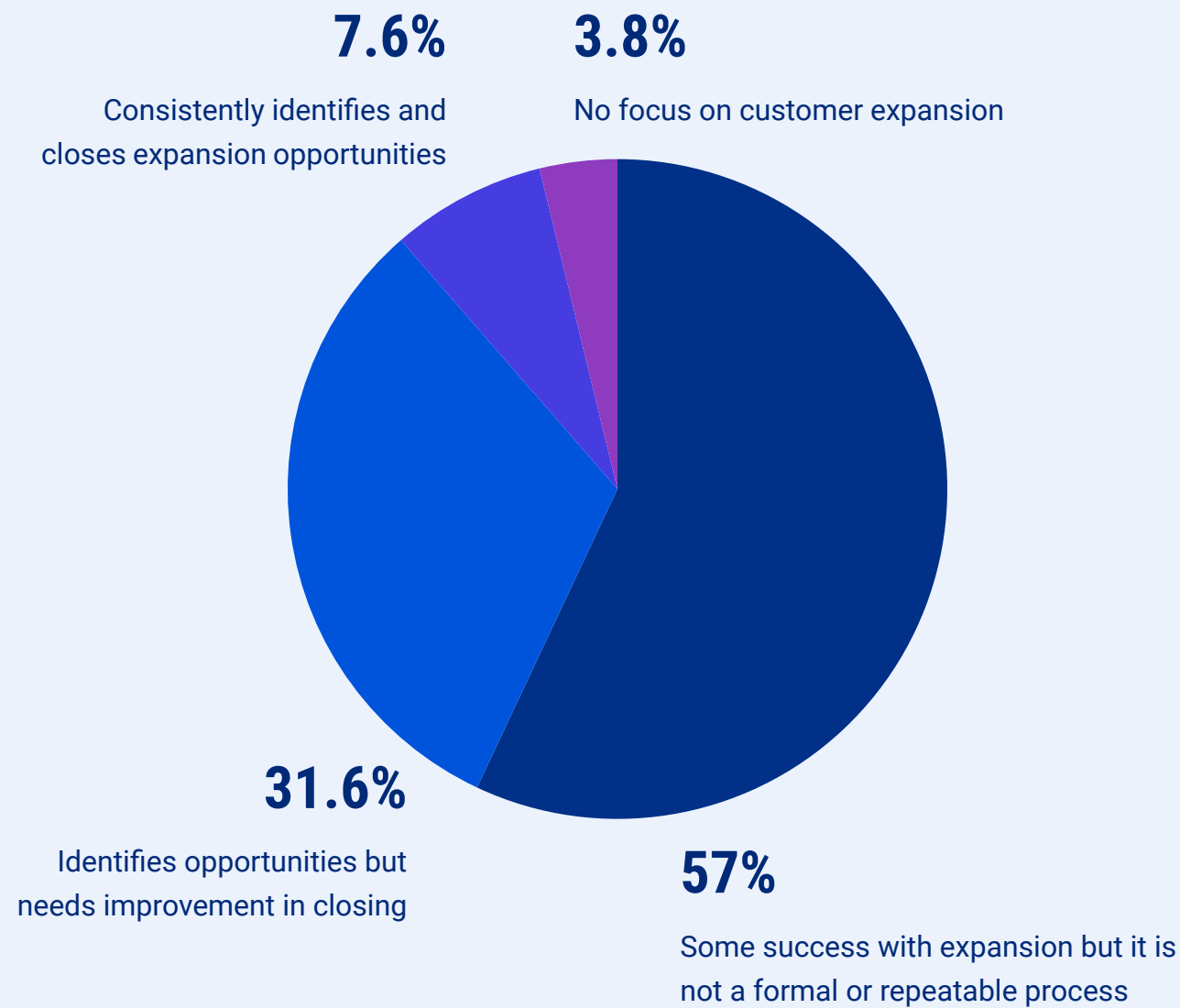


Figure 2: TSIA's 2024 Customer Success in Managed Services Quick Poll

Focus on the KPIs and Metrics That Matter

To truly understand the value of managed services, we need metrics beyond operational to capture how these services drive customer success and strategic business goals. That's why we embarked on a [Research Journey to identify the metrics that truly matter](#) in this new landscape and how they influence best practices.

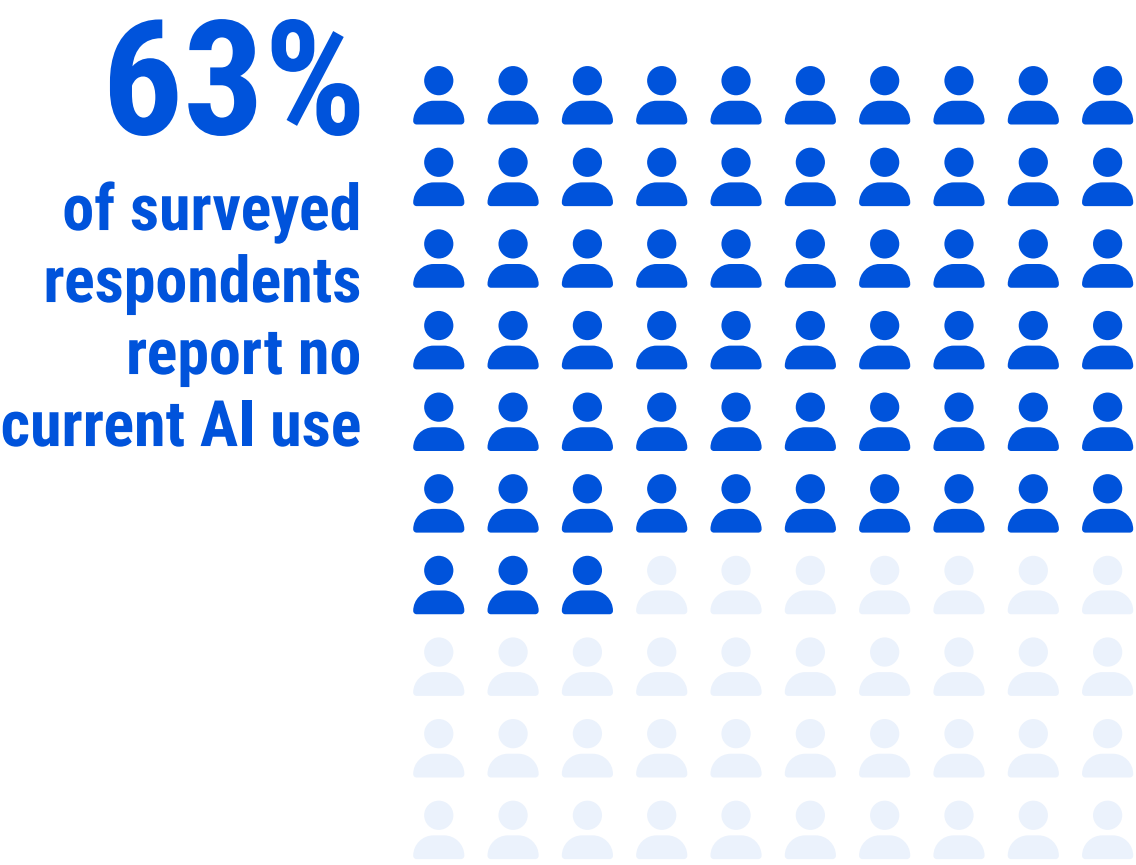
Our findings highlight the need to:

- **Prioritize outcomes:** Shift from basic operational metrics to KPIs that reflect the actual impact on customer success and business value.
- **Align incentives:** Ensure your reward systems are aligned with these new KPIs to encourage the right behaviors and outcomes.
- **Empower through knowledge:** Build a comprehensive knowledge base that enables customers and support teams to find solutions independently.
- **Invest in continuous learning:** Provide training and development opportunities to keep your team's skills sharp and aligned with the latest technologies and industry best practices.



Embrace AI and Automation

While service teams may already use AI and automation, expanding AI company-wide can significantly boost efficiency and productivity. AI adoption in managed service organizations is currently low (63% of surveyed respondents report no current AI use), but this strategic AI adoption is crucial in today's competitive landscape.



By [embracing an AI-first strategy](#) across departments, organizations can:

Improve efficiency:

Automate repetitive tasks, freeing employees for higher-value work.

Enhance decision-making:

Leverage AI to analyze data and predict customer needs.

Looking Ahead: Managed Services 2025

The managed services landscape continues to transform, with a clear shift towards outcome-based models and an increasing emphasis on customer success. MSPs must proactively adapt to these changes by optimizing their organizational structures, prioritizing customer success, and evolving their KPIs to focus on business outcomes.

Embracing AI and automation will be essential for optimizing service delivery and achieving predictive capabilities. By understanding and addressing these key trends, MSPs can position themselves for success in the evolving market and continue to deliver exceptional value to their customers. The journey towards outcome-based success requires ongoing adaptation, innovation, and a commitment to customer-centricity.

Ideas for Action

Do these challenges resonate with you? If you're a tech services professional uncertain about the changes your organization needs to make—or concerned about how your role may be affected—TSIA can help.

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