

eBRIEF 

Hiding In Plain Sight:

Exploring Managed Services
Opportunities Inside The
SaaS Market

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For over 20 years, the SaaS market has grown at a compounded rate of over 30%. In 2024, the cloud application software market will surpass \$278 billion globally according to Canalys. One of the surprising industry trends is the IT managed services industry (this year at \$548 billion worldwide), which also started during the same period and has grown at similar rates, hasn't captured a meaningful share of the services business inside of SaaS.

MSPs Struggle in the Business Application SaaS Market

1. The SaaS industry started as a disrupter to traditional software sales, licensing and maintenance

In fact, Salesforce started in 1999 with an “anti-software” marketing campaign. They were trying to pull the decision making from IT departments over to the line of business (LOB) buyers who used the software. Purchases were labeled as “shadow” or “rogue” IT and managed services professionals acted like trusted advisors as they tried to stamp it out.

2. Early SaaS purchases primarily went direct.

Early SaaS purchases primarily went direct. Even today, many of the ultra-large valued public SaaS platforms have reached Fortune 500 status without a material resell go to market motion. Many MSPs evolved from a VAR business model and didn't tend to provide services on products they also didn't procure on behalf of the customer.

3. SaaS executives believed in a product-led-growth (PLG) go to market versus channels of distribution.

Having these LOB buyers start using the software, in many cases for free, created a different set of customer behaviors. Most of the IT work around the platforms (consulting, design, implementation, integrations, etc.) was either done in house or with specialty services companies. Many professional services companies (such as digital agencies and accountants) started to pivot their businesses to technology services as their buyer started to spend the majority of their time and money on building these SaaS-based tech stacks.

The Importance of Governance and Compliance within the SaaS Market

As the SaaS market has matured, so has the importance of governance and compliance. Once IT leaders concluded that they weren't going to stop the growth of SaaS on their network or the technology appetite of their business leaders, the focus shifted to helping ensure that proper controls were in place, data was secured and protected, and effective backup and disaster recovery protocols were implemented.

While the SaaS industry has matured, the way they handle mission-critical business data hasn't. Many SaaS vendors still supply snapshots of data that need to be exported and downloaded as .csv files manually. Having



an ad hoc, manual, and incomplete process puts clients at risk with their critical sales, marketing, financial, HR, and operational data.

SaaS backups tend to be stored in multiple unencrypted text files and there lacks industry standards for how the data is structured, recovered, and restored. MSPs know that sensitive data should always be encrypted, both in transit and at rest. This data can also leak easily outside the organization creating Zero Trust security issues and put clients (and MSPs) at risk of running afoul of data privacy laws.

Now is the moment for MSPs to assist IT leaders, or in the case of smaller businesses, play the fractional CIO and back up, recover, and secure business critical SaaS data generated and stored across multiple cloud applications in a reliable, repeatable, and scalable way. Monitoring and managing this data is a core operational strength of MSPs.

SaaS Industry Trend

One final trend inside the SaaS industry is the openness of the software vendors to getting support from third parties. They recognize the volume of high-value data in the cloud has increased exponentially, software stacks continue to get more complex, and risk at the client side needs to be mitigated. Under the shared responsibility model, vendors provide the service, but organizations must back up their own data. This is why many SaaS providers recommend using a third-party backup solution.

Managed services providers need to expand the protection they offer the client on edge devices, through the network, and into public cloud infrastructure. MSPs can empower themselves to safeguard their client's business-critical SaaS data, ensuring backup, availability, compliance, and security across a wide (and growing) portfolio of SaaS applications. Ensuring business continuity and meeting rigorous compliance standards across the entire hardware and software technology stack is the imperative of every MSP.



About SaaSAssure

Total control over data, or data sovereignty, solves many problems. However, backing up the fast-growing mountain of data from SaaS apps is a daunting task. Partial solutions only paper over the need for future work. What's needed is a way to close data gaps, keep up with data growth, and even make comprehensive backups stable and secure not just now but in the future. SaaSAssure helps businesses of all sizes accomplish that.

About Canalys

The team at Canalys bring with them many years of experience as advisors to the IT and high-technology sectors. Combined with the company's culture of responsiveness to the rapidly changing needs of this dynamic industry this ensures that, in both content and delivery, Canalys provides an exceptional service compared to other industry analyst firms. We have analysts around the world, and they are joined by expert colleagues in client care, business development, digital, events, finance, marketing and operations.

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