UK MSPs UPBEAT ABOUT NAVIGATING AI TECH AS MARKET EVOLVES

The UK's more than 11,000 Managed Service Providers (MSPs) within a market worth over £50 billion are undergoing a transformation according to a recent Government study.

According to the report by the Department for Science, Innovation and Technology (DSIT), "This rapid technological innovation provides an opportunity for MSPs to provide new services, such as integrating AI solutions, and moving storage and compute functions to cloud infrastructure; however, this also brings challenges for organisations with respect to cost, scale, and optimisation. As such, there is a sustained role for MSPs to help organisations navigate complexity, and understand their IT systems, whilst providing strategic support and guidance."

Further data from DSIT shows that although over half (59%) of all MSPs now offer cloud services, few have yet to stake any claim to the £10bn in annual revenues generated by the 3170 AI related businesses during 2022.

A recent roundtable in London, hosted by global technology provider Intel® and Lenovo in collaboration with IT Europa, shed light on current evolution and integration of AI services by MSPs. Despite a small number of MSPs at the gathering providing services that incorporate AI, a prevalent theme from the discussions was the substantial gap in clients' understanding of AI's potential and its practical implementation in their operations.

One delegate from a UK-based MSP candidly shared their experience, highlighting the interest yet considerable confusion around AI, "We're starting to develop an AI practice, identifying services that include AI. The challenge lies in conveying to our clients how these services can benefit them, given their limited grasp of the technology."

This gap in understanding underscores a broader issue within the industry — a skills shortage that hampers both the adoption and effective implementation of AI technologies. "Everybody's talking about this new technology, but there's definitely a skill shortage," another delegate emphasises. "There's always going to be challenges, innovations, and new things within this industry. That pace is going to grow faster than people's skills."

As MSPs venture into AI, they're also embarking on educational initiatives to bridge this knowledge gap. "We've engaged in regular marketing efforts, including a YouTube promotion that surprisingly garnered 50,000 views, revealing a keen interest in AI among our audience," a delegate from a UK-based MSP said.

This response illuminates a critical insight: there's a hunger for knowledge about AI, a realisation that it's something to be taken seriously and learned about. "It's very early stage. We've got to make sure it's not just another part of the toolkit; we can't ignore that. It's got to be something we really focus on," one of the attendees said.

That's were consultancy comes into play, another delegate outlined. "We assist partner in conversing with customers and comprehending the customer's strategic journey. What we convey to customers, through their partner communities, is to begin envisioning where they desire AI to lead them. Start imagining their unique vision of potential, and we'll introduce consultants and vendors into those discussions to aid in devising a roadmap for achieving that."

■ PUBLIC CLOUD ADOPTION

During the luncheon, a show of hands revealed that a minority of MSPs present operate data centres. When queried about shifts in their data centre strategies in recent years, one participant emphasised a significant trend of clients transitioning to the public cloud.

"There's a huge adoption of the public cloud. We've encouraged a move towards the public cloud, aligning with the growing trend as we navigate the needs of various industries, from infrastructure to sports bookmakers," a delegate from an infrastructure partner for iGaming and sports betting industry said. "Understanding the physical and geographical preferences of our customer base is crucial."

The conversation quickly pivoted to the impact of this cloud migration on their business model. "As our clients transition to cloud environments, traditional hardware refresh cycles are becoming obsolete. This change prompts us to rethink our professional services revenue stream for the upcoming year," he shared.

He highlighted the evolution of their business strategy, noting, "We're moving from one-off professional service revenues, which are less predictable, to fostering long-term contracted relationships. This not only ensures a more stable revenue but significantly enhances the company's value through long-term contracts."

When questioned about collaborating with hyperscalers, the delegate eloquently said: "They're our most significant competitor, but they're also our potential partner," adding that they engage with hyperscalers who have data centres within the regulated markets within which it operates.

The delegate shed light on a shifting trend, where some organisations reassess their cloud investments due to prohibitive costs, despite various discounts. "We've begun to see a cycle where some entities opt out, questioning the spend," he said.

Addressing customer preferences, the delegate explained, "Public limited companies seek to invest upfront, using the technology over several years, while private companies desire more flexibility. We've managed to attract those stepping back from hyperscalers, by providing managed solutions that align with their needs.

"If it's a private company, we'll sell them a private cloud or public cloud. We will then run it and manage it for five years, and we've had a few drop out with hyperscalers to do that."

■ EDGE COMPUTING INFRASTRUCTURE

Towards the end of the roundtable, delegates were queried about how they would define edge computing infrastructure. One of the delegates shared a definition of edge computing that highlighted its adaptability and relevance.

"Edge infrastructure," he stated, "transforms based on user needs and data flow, marking a departure from one-size-fits-all computing."

Another delegate emphasised the critical role of user interaction and data processing locations, stating, "For us, the edge is where the processing happens; that could be in a cabinet on the roadside. The data originates from clients on the manufacturing processing floors, rather than from an external data centre."

Highlighting the importance of proximity and sovereignty, another delegate added, "Enterprise needs are diverse, with a growing demand for processing capabilities to be closer to the consumer or within a specific jurisdiction for sovereignty reasons."

This perspective brings to light the multifaceted nature of edge computing, illustrating that "the edge," as the delegate pointed out, "really does shift. It's wherever a hyperscaler doesn't upscale, and it's defined by the real internet exchanges and selected locations."

■ WHAT IS LENOVO'S CHANNEL STRATEGY?

Concluding the roundtable, Ian Jeff – Lenovo Infrastructure Solutions Group – General Manager, (pictured) delved into the company's channel strategy: "We see MSPs enhancing client operations by leveraging multiple cloud solutions, ensuring seamless scalability, robust security, and efficient resource management. This facilitates clients' digital transformation while minimising operational complexities.

"As we look ahead, it becomes increasingly clear that channel partners must prioritise gaining knowledge and education on these transformative trends, actively embracing them to help customers optimise their IT investments. The responsibility lies with tech vendors to not only equip partners with the necessary information but also to inspire them to drive these technologies forward. The key to success will be collaboration within the channel ecosystem, creating fresh opportunities and forging new paths to deliver for customers.

"Cloud technology, edge computing, and AI are becoming increasingly prominent in the world of work, offering forward-thinking channel partners expanding opportunities for innovation. Collaboration and strategic planning are paramount to unlocking these possibilities and delivering innovative services across diverse sectors. The evolving landscape requires a proactive approach, where channel partners can leverage their knowledge and expertise to steer their businesses and their clients toward a future defined by technological excellence and strategic innovation." ▎

Contact us to find out more about the Lenovo MSP business opportunities:
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