



# Managed IT Market Sector Update

M&A activity in the UK managed IT services market is consistently growing, expecting to nearly double by 2032. Intense M&A activity, aided by private equity, succession planning and capability expansion, is consolidating the market.

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# > Key Highlights

## Introduction

The global managed IT services market is currently experiencing rapid growth, powered by technological advancements and the evolving needs of businesses, culminating in a projected compound annual growth rate (CAGR) of more than 13.5% through 2037. The primary driver for this growth is the increasing demand for reduced IT operational costs for businesses across the board.

The market is attracting a surge of M&A activity, and continues to draw a lot of interest despite some challenges, including issues such as data privacy, compliance, and talent shortages. Entrepreneurs Hub recently completed a deal involving a provider of advanced IT solutions in managed infrastructure, see p5 for further details.

If you are considering succession or sale for your business then we would welcome you to join us for a confidential, no-obligation, free call to assess where you stand today and to discuss some of your potential options.

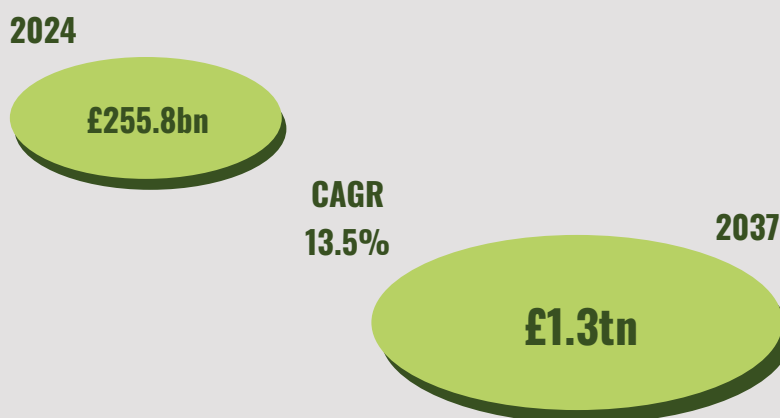


# > Market Overview

## Global Market

The global managed IT services market is undergoing exponential growth, fueled by technological advancements and the increasing IT infrastructure needs of businesses. The market was valued at **£255.8bn in 2024 and is projected to reach £1.3tn by 2037**, growing at a CAGR of more than 13.5%. North America is projected to be the largest regional market, reaching £480.2bn in the same period, with APAC and Europe holding the next largest regional market share (25%, and 20% respectively).

With increasing demand for businesses to streamline their IT setup, managed services providers offer a valuable outsourced solution to network management, cyber security and cloud operations. With the rising pressure for businesses to modernise IT infrastructure, the managed IT services sector is experiencing rapid growth.



## European Market

The European Managed Services Market is estimated at £44.5bn in 2025, and is projected to grow at a CAGR of 13.9% through to £85.4bn by 2030. Europe remains a key market, with factors such as growing use of cloud services and increasing cloud diversification driving this growth.

## UK FOCUS

The UK Managed Services Market is forecast to be one of Europe's largest marketplaces for managed services, with a CAGR of 7.03% from 2023 through 2032. Organisations are increasingly outsourcing IT management to improve scalability, enhance security, and operational efficiency, allowing them to focus on core business objectives. The widespread adoption of cloud computing, artificial intelligence, and automation is also contributing to market expansion. As companies seek to stay competitive, the adoption of managed services continues to rise, driven by a need for flexibility, cost optimisation, and enhanced service delivery.

# ➤ Growth Drivers and Challenges

## **Increasing demand for cost-effective solutions:**

As businesses are under pressure to optimise operational expenses, they are increasingly turning to managed services for cost-effective solutions. With predictable monthly fees and scalable support, this approach is especially attractive to SMEs looking to stay competitive without making large IT investments.

## **Digital Transformation and Cloud Adoption:**

Businesses are increasingly migrating their operations to the cloud, highlighting the need for managed services providers to oversee cloud infrastructure and optimise performance. Cloud-based solutions offer scalability, flexibility, and cost-efficiency, making them increasingly attractive to companies of all sizes.

## **Increased Adoption of AI and Automation:**

Managed services providers are integrating AI technologies into their offerings, enabling predictive maintenance, automated network management, and improved system monitoring. The wider trend of AI adoption is helping organisations optimise resources and enhance their overall IT performance, driving further demand for managed services.

## **Cybersecurity Concerns:**

With the increasing frequency and sophistication of cyberattacks, organisations are pushed to introduce robust security measures. Companies are increasingly turning to managed services providers for specialised security solutions to safeguard their networks, applications, and data. Services such as threat detection, vulnerability management, and compliance monitoring are in high demand.

## **Remote and Hybrid Models:**

As businesses have shifted into remote and hybrid working models, the need for reliable and well-functioning IT services is paramount, ensuring seamless communication, collaboration and data access. The need for managed services to support these operations is critical, driving market growth in the UK.

## **Talent Shortages and Skill Gaps:**

A significant challenge facing the industry is the ongoing shortage of skilled professionals. As the demand continues to rise, the skills gap in the technology sector makes recruitment and talent retention difficult, resulting in delays, lower-quality solutions, and operational risks.



## > Recent UK M&A Activity

### Entrepreneurs Hub Case Study

This deal was completed in February 2025, and included two businesses, Sire Technology and Bastion, who offer advanced managed IT services.

Entrepreneurs Hub were appointed by the owners of Sire Technology and Bastion who offer advanced IT solutions in managed infrastructure, public and private Cloud hosting, and infrastructure-as-a-service (IaaS) from data centres in Gibraltar, Malta, Dublin and Malaysia. The strategic aim of the sellers was to ensure the continued growth and success of the businesses, protect their legacy, and offer onwards career development for their team.

After a thorough process of preparation and research, Entrepreneurs Hub identified a strong list of potential acquirers. Whilst UK companies featured strongly, European companies were also well represented.

The interest was strong from the UK, with 75% of responses coming from companies based here, including the final acquirer.

The acquisition was agreed with a UK-based managed services provider, Everything Tech Group, who saw a great opportunity and have the capabilities to integrate and leverage the possibilities that both Sire and Bastion presented.

“ On behalf of the SIRE Technology and Bastion teams I would like to thank you and the entire Entrepreneurs Hub team for helping us take our businesses through the transaction and onto the next level.

It's one thing to make a great pitch and another to deliver on that vision. I'm very happy to report that EH lived up to every aspect of the service that was pitched to us on day 1. We got “exactly what it said on the tin” so to speak.

Andrew and the team are clearly seasoned and experienced professionals in this field, they know all the pitfalls and “gotchas”, saw them coming and briefed us.

If I ever need to go through this process again, I will be using Andrew and his team without question!

**Jason Bamford - SIRE Technology and Bastion**

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# > Recent UK M&A Activity

## Selected UK Acquisitions

Transaction Date	Transaction	Rationale
<b>Advised by</b> <b>Entrepreneurs Hub Ltd</b> <b>February 2025</b>	<b>Sire Technology &amp; Bastion</b> Acquired by <b>Everything Tech Group</b>	Enhance position in the aerospace and defence sector, leveraging the acquirers expertise in performance and growth to effectively scale the business and build on its excellent reputation for specialist alloys.
<b>April 2025</b>	<b>Telent Technology Services Ltd</b> Acquired by <b>M Group Services</b>	Strategic enhancement of digital capabilities. The acquisition enables the combined entity to offer integrated solutions across telecom, transport, water, and energy sectors.
<b>March 2025</b>	<b>Cortec Limited</b> Acquired by <b>Cobweb Solutions</b>	Enhancement of service offerings and reinforcing their position in the UK IT services market.
<b>February 2025</b>	<b>Intuitive Systems and Networks Ltd</b> Acquired by <b>ITGL Ltd (part of Conscia)</b>	Expanding ITGL's commercial client base, enhancing its managed services capabilities, and strengthening its cybersecurity offerings. Reflects Conscia's ambition to grow its UK footprint.
<b>November 2024</b>	<b>Workshop Ltd</b> Acquired by <b>Net Essence Ltd</b>	Strategic move to strengthen its position in the managed IT services sector, particularly within the architecture, engineering, and construction (AEC) market.
<b>November 2024</b>	<b>IT Support Desk Ltd</b> Acquired by <b>Planet Intelligent Technology Group</b>	Enhanced service delivery and resource integration. For ITSD founder, the deal also marks a well-planned succession and exit, allowing the business he built to continue growing within a larger, aligned entity.
<b>November 2024</b>	<b>Genisys Group</b> Acquired by <b>Bandham Financial Services Ltd</b>	Strategic diversification into the global technology sector, as well as expanding their geographic footprint with new offices in the USA, UK and India.

# > UK M&A Outlook

**Global Value  
by 2037  
£1.3tn**

**Europe  
Market Share  
20%**

**UK CAGR  
2023-2032  
7%**

## Overview

The UK managed IT services and infrastructure sector has seen M&A activity in 2024 and early 2025, driven by digital transformation demand, cloud adoption, and convergence across infrastructure and managed services. These transactions cover the smaller, SME-focused, consolidation as well as strategic acquisitions by infrastructure giants and private-equity-backed rollups.

## Recent Deal Rationale

### Capability Expansion

Most acquirers are seeking to benefit from absorbing specific technical expertise.

### Platform Building

PE-backed firms are consolidating IT services into full-service platforms (e.g. Aspire, Focus Group).

### Succession Planning

A number of founders are currently seeking or planning for exits leading to opportunities for larger, aligned businesses.

## M&A Trends

**Digital Infrastructure Consolidation:** Acquirers like M Group Services (Telent) and Daisy-Wavenet are building integrated infrastructure platforms by acquiring firms with deep network, telecom, or cloud engineering capabilities.

**Private Equity Entry and Expansion:** PE firms like Hg (Focus Group) and LDC (Aspire) are investing in IT services providers with SME focus and scalable platforms, signaling long-term growth confidence.

### Cybersecurity and Cloud-Focused Deals:

Acquisitions by SCC (Resonate), Aspire (CloudCoCo), and ITGL (ISN) highlight a priority on Microsoft ecosystems, secure collaboration tools, and public sector resilience.

**SME Sector Rollups:** Groups like Flotek, Net Essence, and Planet IT are acquiring smaller IT support firms to increase regional presence and expand vertical-specific expertise.

**Cross-Sector Expansion:** Deals like Bandhan's acquisition of Genisys show traditional financial groups diversifying into IT/BPO with AI and digital transformation capabilities.

## > Conclusion

M&A activity in the UK managed IT services market is consistently growing, expecting to nearly double by 2032. This is driven by:

**Continued Consolidation:** Mid-sized managed service providers will remain acquisition targets, especially those with sectoral specialisation.

**AI & Automation Uptake:** Expect growing interest in firms with AI, automation, and analytics capabilities, especially those enhancing digital workplace and cybersecurity.

**Succession-Driven Deals:** The SME segment will continue to present acquisition opportunities as founders seek exits amid rising operational complexity.

**Buy-and-Build Acceleration:** PE-backed platforms (e.g., Aspire, Focus Group) will pursue bolt-on acquisitions to expand vertical and regional coverage.

**Cross-Border Expansion:** More international players may enter the UK market via acquisitions to gain a foothold in its mature digital economy.

Looking forward, the ongoing demand for scalable, secure and cloud-centric solutions will push further growth and transformation in the sector, making it a desirable area for M&A activity.

Entrepreneurs Hub have recent experience in this sector and if you would like to find out more about how we can help you as you consider, plan or pursue your exit strategy, please contact us.

### Next Steps

Please let us know if you would like to speak with one of our Directors on a confidential and no-obligation basis.

We can discuss timing, preparing for sale, guide valuations, or just give you an honest opinion of where you're at.

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## About Entrepreneurs Hub

Entrepreneurs Hub is a trusted M&A advisory firm with a focus on UK SME businesses. We are a highly experienced team who have been where you are - entrepreneurs, business owners, and board-level directors, we have bought companies, sold companies and advised hundreds of clients to do the same.

## Get In Touch

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### Sources used in preparing this document

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