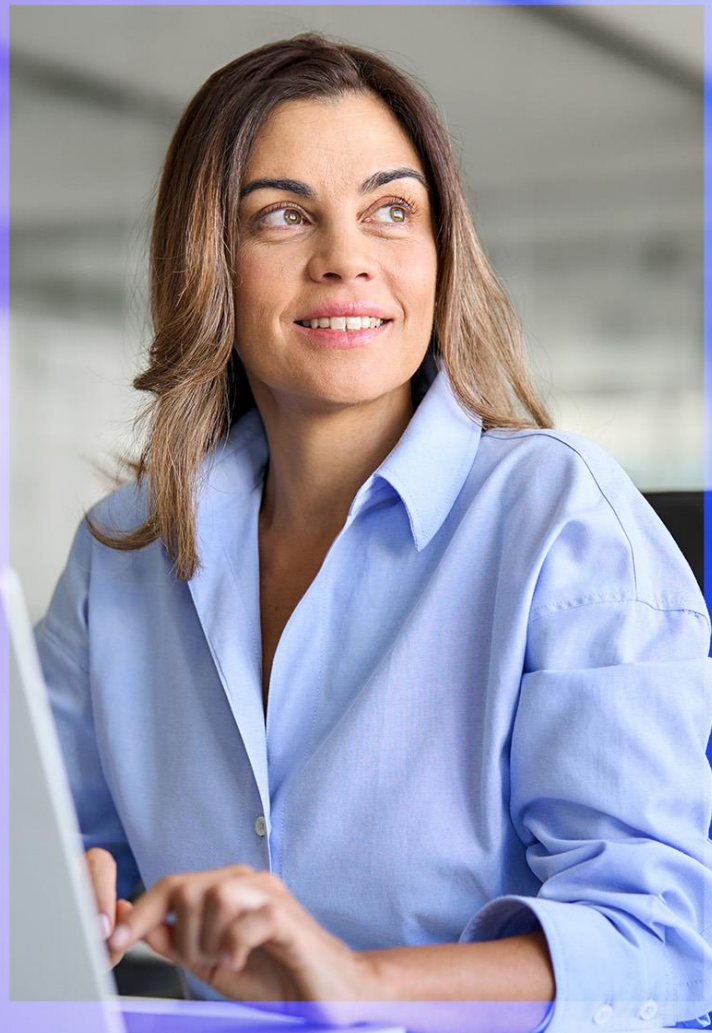




Unlocking strategic outcomes:

The rise of next-generation managed services in enterprise technology





Going beyond stability

When it comes to enterprise technology, companies have historically sought service delivery models based on efficiency, consistency and reliability. But in today's climate of constant change—with disruptors from economic uncertainty to AI advancements to critical skills gaps—traditional managed services are woefully inadequate.

You can only go so far with services relying mainly on labor arbitrage for basic maintenance of cloud software. Instead, when most companies are in a state of ongoing digital transformation, there's a need for next-generation managed services that go far beyond mere stability.

Modern managed services providers combine advanced technology, industry-specific expertise, and leading practices to turn cloud software into a platform for strategic outcomes. Results can range from cyber resilience and rapid innovation to regulatory compliance, organizational agility, and faster expansion into new markets.

Technology alone is not enough.

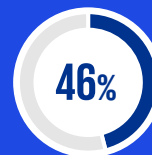
To be sure, software as a service (SaaS) can drive competitive advantage. However, winning companies focus not just on the technology itself, but also on how it can contribute to growth, optimization, and performance.

This perspective requires savvy professionals with a view toward continuous transformation. These people, part of leading managed services teams, have the business and technical expertise for ongoing re-examination of various cloud features, along with how and why it's used to drive a strategic benefit. They are the ones who make the difference between a cloud platform that advances the business and one that is merely stable.

Top 7 cloud ambitions:

-  Supporting AI and other emerging technologies
-  Connecting data sources to enable advanced analytics
-  Shifting more applications to cloud
-  Enhancing security and compliance
-  Supporting new product/service development
-  Optimizing costs
-  Transforming the business model

Source: [KPMG Global Tech Report](#)

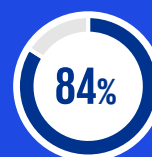


46% of technology leaders say they are behind on their data & analytics strategy.

Source: [The Future of IT, KPMG International, 2024](#)

Competition for IT talent is intensifying, with 30-70% of data, security, and development jobs going unfilled.

Source: [The Future of IT, KPMG International, 2024](#)



84% of chief compliance officers expect higher regulatory expectations and scrutiny in the next two years.

Source: [KPMG Global Chief Ethics and Compliance Officer Survey, 2024](#)

Modern demands require modern managed services

While cloud providers deliver innovation to you automatically in software updates throughout the year, that's where their mandate ends. It's up to you to determine the impact of those updates on your business, how to extract strategic value from them, the effect they may have on the user experience, and the risks they may create.

Similarly, traditional managed services providers may help you implement updates and keep your cloud apps current—but staying current and driving business strategies through cloud are two different things. And when your competitors receive the same updates at the same time, it's what you do with them that can differentiate your company.

That's why forward-thinking executives eschew traditional managed services in favor of modern players. These next-generation providers optimize SaaS platforms after implementation by combining process expertise, insights, leading practices, advanced technologies, and strategic alliances with software vendors—all packaged in an ongoing, as-a-service subscription with predictable costs.

Appetite for applications management

In fact, 60 percent of companies have already implemented this SaaS optimization, either in a business function or at scale across the organization, according to the [KPMG and HFS Managed Services Outlook 2024-2025](#).

This study also shows that, compared with other kinds of managed services in numerous business functions, SaaS optimization is expected to be the No. 1 source of managed services value in the next three years and, accordingly, the top area of managed services investment.

As companies vie to get the most value from enterprise applications, savvy leaders are clearly prioritizing modern managed services to help.



More than half of companies are using modern managed services at scale for SaaS optimization, and investment is expected to increase in the next three years.

Source: [The KPMG and HFS Managed Services Outlook, 2024-2025](#)

Your competitors all get the same updates at the same time as you; it's what you do with them that can differentiate you.

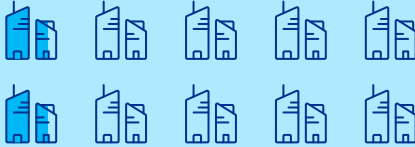




Turning SaaS functionality into strategic business outcomes

To help you achieve long-term returns from cloud investments, premier managed services providers perform activities such as:

- Determining which new functionality to adopt, based on your strategic priorities
- Assessing and managing the cross-functional impact of new SaaS functionality
- Testing and deploying software updates
- Configuring features and customizing processes to meet the fast-changing needs of the business
- Integrating data from multiple systems
- Improving business processes
- Reducing technical debt
- Turning SaaS into a platform for ongoing innovation in areas such as AI, data tools, and security
- Training IT and business users on new functionality
- Bringing market perspective to help you understand which functionality your competitors are adopting



Fewer than 2 in 10 companies have adopted 75% or more of the new features in their latest SaaS release, potentially leaving value on the table.

Top 2 barriers

to adopting new features:

- 01** Technical development resources
- 02** Time for adequate testing

Source: [KPMG and HFS Research Managed SaaS Survey, 2024](#)

Accelerate your pace of change

To help extract continuous value from your cloud investments, and deliver the expected organizational benefits demanded by your stakeholders, you need someone willing not only to keep pace with you, but also to help you maintain and even accelerate that pace.

A modern managed services organization should be designed to do just that. For example, if you outsource the management of your finance or HR cloud solution, what you should really aim to outsource isn't the management of the software. It's the management of what you can do with it.

That requires astute, contemporary managed services providers with expertise not just in cloud software but also in your industry, business functions, and processes—along with broad advisory capabilities.

The deliverable is a reliable and sustainable business outcome, not just a stable, always-on software solution. Ongoing outcomes can take the form of:

- Lower risk in your transformation cycle
- Increased trust and confidence from customers, regulators, employees, investors, and other stakeholders
- Regulatory compliance that enables responsible growth
- Bold, rapid innovation
- Higher performance and productivity
- Valuable insights from integrated data

A managed service for SaaS should transform the way you use software capabilities—as much as the cloud has transformed the way they're delivered.

Top capabilities

sought from modern managed services providers in SaaS optimization include:

- Industry expertise
- Business consulting
- Other domain expertise
- Predictable costs

Source: [KPMG and HFS Research Managed SaaS Survey, 2024](#)

Transformation never stops. Neither do we.

At KPMG member firms, we believe that business transformation is too good an opportunity to miss. That's why we combine the right technology with the right experience of KPMG professionals—in functions, processes, industries and change management—to help you realize the ongoing potential of your cloud platforms. KPMG managed services are technology-enabled but strategy-led, focused on clear business outcomes that are aligned with your imperatives. We help you consider multiple angles, address pitfalls, and exploit cloud software for sustainable advantage.



How we can help

About KPMG Powered Evolution

KPMG Powered Evolution is a managed service designed to continually optimize a functional transformation, helping you get lasting value after implementation of a SaaS platform.

Drawing from the leading industry experience of KPMG professionals, plus alliances with some of the world's leading SaaS providers, KPMG firms help you absorb software updates, capitalize on emerging innovation and leading practice, nimbly pivot amid changing priorities, and drive ongoing return from your cloud investment.

KPMG Powered Evolution, delivered in a multi-year subscription with predictable costs, is part of our approach to help you shape a new future through business transformation. We call it Connected. Powered. Trusted.

[Learn more about KPMG Powered Evolution](#)

About KPMG Managed Services

Business transformation is the path to sustained advantage. But transformation is not a fixed destination; it's an ongoing journey. How can you continually evolve your business functions to keep up with ever-changing targets?

KPMG Managed Services can help — by handling knowledge-intensive processes across your enterprise on a subscription, as-a-service basis. This outcome-based approach has the potential to reduce your total cost of operations by as much as 15 to 45 percent, in addition to driving priorities like resilience, customer and employee retention, and stakeholder trust.

Taking you beyond traditional managed services, KPMG firms combine advanced technology with functional, process and sector expertise — plus smart analytics, data governance and change management — to operationalize your growth ambition. It's this strategic collaboration that makes the difference between transactional and transformational services, helping you gain competitive advantage, sustain it through ongoing transformation, and limit disruption and risk.

KPMG. Make the Difference.

[Learn more about KPMG Managed Services](#)

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