The Mid-market Opportunity: Why Purpose-built VMSs Are the New MSP Standard

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Introduction

The Contingent Workforce Management (CWM) space – including Managed Service Providers (MSPs) and Vendor Management Systems (VMSs) – is seeing rising demand from Small and Mid-sized Enterprises (SMEs). This increased appetite is being driven by factors such as the evolving nature of work, the need for cost efficiency, greater workforce scalability, and improved risk and compliance management.

Mid-sized enterprises have unique needs that differ significantly from those of large corporations. Traditional VMS solutions, designed primarily for enterprise-scale operations, often involve complex implementations, higher costs, rigid processes, and extended timelines – none of which align with the dynamic and resource-constrained environments of mid-sized companies. As a result, there is a growing need for tailored solutions that address mid-market challenges such as limited internal resources, smaller budgets, shorter implementation timelines, greater configurability, and enhanced ease of use.

In this Viewpoint, we outline key insights from Everest Group's research and analysis to identify the specific requirements of mid-market-focused CWM/MSP programs and enterprises from their VMSs. The report explores how leveraging purpose-built technology solutions can better position both mid-sized enterprises and their CWM/MSP providers for success. Specifically, this report discusses:

- Key drivers of increased mid-market demand for MSP and VMS solutions
- Limitations of traditional, enterprise-focused models when applied to the mid-market
- Essential capabilities that MSPs and mid-market enterprises should prioritize when selecting VMS solutions
- Strategic implications and recommendations for providers targeting the mid-market segment

Stakeholders from both mid-sized enterprises and focused CWM/MSP providers can use this research to align programs with mid-market realities, rather than applying a one-size-fits-all approach.

The mid-market shift

Factors driving mid-market demand for CWM/MSP and VMS solutions

Mid-market companies (typically defined as those with US$100 million to US$1 billion in annual revenue) represent a significant and growing economic segment, yet they have historically been underserved by contingent workforce solution providers. Today, several forces are converging to fuel demand for CWM solutions tailored specifically to the needs of these organizations. Key drivers include:

- **Increased reliance on contingent workforce:** Mid-sized firms increasingly depend on contingent workers, creating a need for more robust management systems

- **Cost and compliance pressures:** Informal or manual processes increase risks and costs, prompting mid-sized firms to seek structured, compliant solutions

- **Talent competitiveness:** To attract skilled contingent talent, mid-sized companies need professional, streamlined workforce management capabilities

- **Improved deployment accessibility:** Modern SaaS-based VMS platforms offer easier, more affordable implementations, reducing traditional barriers to adoption

- **Stronger RoI expectations:** Structured CWM programs offer measurable cost savings and efficiency gains, making a compelling case for mid-sized enterprises

Exhibit 1 illustrates the increasing deal activity in the mid-market CWM/MSP services and VMS platforms market. While the overall deal activity in both the CWM/MSP and VMS markets witnessed a single-digit decline in 2024, the mid-market deals have shown greater resilience and growth.
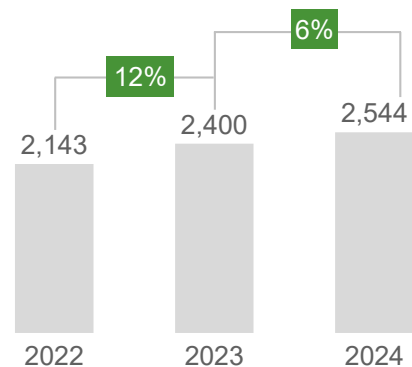
Exhibit 1: Deal activity in the mid-market CWM/MSP services and VMS platforms market

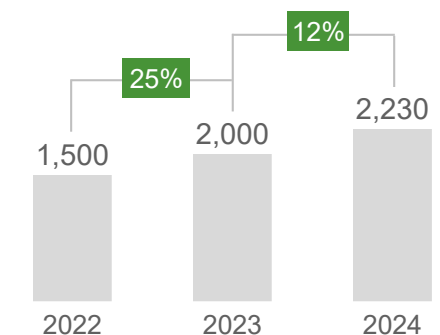Source: Everest Group (2025)

XX Growth rate / YoY

Global mid-sized VMS deals[1,2]

2022-24, number of active clients

2,143	2,400	2,544
	12%	6%
2022	2023	2024

Global mid-size CWM/MSP outsourcing deals[1,2]

2021-24, number of active clients

1,500	2,000	2,230
	25%	12%
2022	2023	2024

1 Deals with an annual SUM of <US$100 million are considered as mid-sized deals
2 Based on information from leading market players, covering ~80% of the market

Tailoring enterprise MSP strategies for mid-market success

Large, enterprise-focused MSP providers have begun shifting their attention to the mid-market segment as a new growth frontier. However, entering this space presents significant challenges in execution. The mid-market is not simply a scaled-down version of an enterprise program – it requires meaningful adjustments in how solutions, for both services and technology, are delivered, priced, and technically supported to meet the needs of mid-sized clients. Key considerations for enterprise MSP providers include:

- **Simplifying enterprise models:** Traditionally complex, resource-intensive MSP models must be adapted and simplified to suit smaller mid-market engagements

- **Flexible, agile technology:** Legacy VMS platforms designed for large enterprises are often unsuitable, prompting the need for partnerships with more flexible, mid-market-specific platforms

- **Accelerated deployment:** Mid-market clients expect faster implementation timelines, requiring streamlined processes and leaner deployment teams

- **Customized program scope:** Providers must deliver tailored solutions that accommodate diverse labor categories and client-specific workflows

- **Pricing and commercial terms:** Providers must simplify commercial models to align with mid-market budgets. These clients expect transparent, scalable pricing and flexible contract terms. Success in this segment requires pricing structures that are both streamlined and tied to RoI expectations, in line with mid-market realities

- **Cost-effective support models:** Traditional dedicated account teams become financially unsustainable for smaller mid-market clients, necessitating shared service desk operations and standardized support processes that maintain service quality while achieving the cost efficiencies required for this segment

As demand from mid-market enterprises continues to grow and specific operational challenges become clearer, both enterprise-level and mid-market-focused CWM/MSP providers and VMS platforms are increasingly tailoring their offerings to serve this segment more effectively. Technology, especially VMS, has emerged as a vital enabler of strategic contingent workforce programs and is playing a key role in accelerating this market shift. This evolution highlights the growing need for purpose-built VMS platforms designed to meet the unique requirements of mid-sized organizations in terms of scale, speed, configurability, and ease of use. To effectively serve and access mid-sized enterprises, several engagement models have emerged, driven by both VMS-led and MSP-led investments. Exhibit 2 illustrates four key mid-market engagement models, each with distinct advantages and trade-offs.

Exhibit 2: Mid-market VMS engagement models

Source: Everest Group (2025)

Relative strategic value offered by CWM/MSP and VMS players currently   Low ➝ High

Engagement model	Description	Pros	Cons
Partnership-based model (CWM/MSP and mid-market VMS)	CWM/MSP and mid-market-focused VMS establish strategic partnerships to provide tailored solution to mid-market enterprises	Comprehensive solutions combining MSP service expertise and VMS tech tailored for mid-market needs Faster implementation and quicker RoI due to specialized platforms Strong alignment and responsive support from providers focused on mid-market requirements	Requires coordination between multiple providers, potentially leading to complexities Shared accountability between MSP and VMS providers can blur issue resolution responsibilities Additional initial integration effort between MSP and VMS platforms
VMS offering basic CWM/MSP support (VMS++)	VMS providers directly offer basic managed service capabilities (administration, supplier onboarding, etc.) in addition to their software, eliminating the need for separate MSPs.	Cost-effective and predictable pricing, often supplier-funded Single-provider simplicity reduces provider management complexity Retains client control with basic external support Quicker onboarding with integrated service provider	Limited depth of MSP services, potentially insufficient for complex or growing programs Potential internal resource burden for managing program operations Scalability constraints as program complexity or size increases
CWM/MSP providers offering minimum viable VMS platforms	MSPs offer their own basic, minimal-viable VMS technology, often developed in-house or white-labeled from third parties, integrated into their service offering.	Single-provider convenience simplifies provider management Low initial investment with bundled service and platform offering Quick deployment with pre-configured basic platforms tailored to MSP services	Feature gaps and limited functionality compared to dedicated VMS platforms Potential lack of continuous investment and innovation in VMS tech Scalability and adaptability limitations for expanding enterprise needs Possible higher long-term costs and inefficiencies due to technology limitations
Specialized mid-market VMS platform offering from large enterprise platforms	Enterprise-grade VMS providers are now offering simplified, pre-configured versions of their enterprise platforms targeted specifically at mid-market companies.	Access to proven, robust enterprise-grade technology scaled-down for mid-markets Strong provider support infrastructure and clear upgrade paths for future growth Reliable technology built on extensive enterprise experience	Potentially higher costs compared to specialized mid-market solutions Limited customization and flexibility due to standardized pre-configurations Possible skepticism of mid-market customers regarding suitability and depth of scaled-down enterprise platforms Less personalized customer service compared to smaller, mid-market-focused providers

As shown in Exhibit 2, partnership-based engagement models offer higher levels of strategic support for small and mid-sized enterprises. These models combine the purpose-built capabilities of specialized VMS platforms with the best-of-breed services provided by focused MSPs, enabling scalable and high-impact workforce solutions for the mid-market.

The case for purpose-built mid-market VMS platforms

Purpose-built VMS platforms designed specifically for mid-market organizations differ fundamentally from legacy enterprise solutions. These platforms address the distinct operational realities and resource constraints of mid-sized enterprises, offering enterprise-grade functionality tailored for agility, simplicity, and affordability. Their emergence also presents a significant opportunity for CWM/MSP providers to expand their client base and deliver targeted solutions efficiently and profitably.

To effectively serve SMEs, purpose-built VMS platforms must address several essential priorities unique to this segment. Exhibit 3 provides a comparative view of how key buyer priorities vary across small/mid-sized and large enterprises.

Exhibit 3: Differences in VMS priorities across different market segments

Source: Everest Group (2025)

Importance level: Low ○○○○○ High

Requirement	Large market	Small and mid-market
Rapid and cost-effective solution (including implementation)	●●○○○	●●●●●
Requirement for services-backed technology (one-stop solution)	●●●○○	●●●●●
Modular solutions and templatization	●●●○○	●●●●○
Flexible and scalable architecture	●●●●○	●●●●○
Intuitive UX and robust analytics capabilities	●●●●○	●●●●○
Seamless integration capabilities	●●●●●	●●●●○
Customer-centric support and continuous innovation	●●●●○	●●●○○

Small and mid-sized enterprises often lack both financial and human resources to set up and manage MSP+VMS solutions in-house, especially when compared to larger organizations. As a result, they prioritize rapid, cost-effective implementation and services-backed technology. The following section explores each of these priorities in detail and explains their significance for both MSP providers and mid-market enterprises.

Rapid and cost-effective implementation

Mid-market enterprises and CWM/MSP providers view rapid implementation as essential to demonstrating immediate value.

- Providers accelerate onboarding and reduce risk by offering standardized, pre-configured solutions that align with mid-market urgency and shorten time-to-value

- Lower Total Cost of Ownership (TCO) delivers financial benefits for enterprises while allowing providers to offer competitive, attractive pricing models

- Providers reduce implementation time and change management risk by offering configuration-driven workflows and integrations built on industry best practices. These pre-built solutions include customizable enable/disable policy controls that eliminate the need for custom code while addressing unique needs of the mid-market enterprises

Services-backed technology (one-stop solution)

Mid-market enterprises prefer VMS platforms that combine technology with services to reduce complexity and resource strain.

- Integrated technology and service models minimize reliance on internal teams and offer a simplified, consolidated solution

- Providers offering a single point of contact for procurement and delivery improve accountability and ease vendor management

Modular solutions and templatization

Flexibility in deployment is vital for mid-market enterprises with limited resources.

- Modular implementation enables enterprises to start with core capabilities, such as staff augmentation, and expand as needs evolve (e.g., SOW or contractor management)

- Pre-built templates for onboarding, requisitions, and workflows facilitate rapid deployment, improve consistency, and reduce configuration time, helping enterprises realize value faster

Flexible and scalable architecture

Mid-market enterprises and MSPs benefit from scalable platform capabilities that support operational agility and adaptability.

- Cloud-native infrastructure allows the platform to scale automatically, supporting enterprise growth and simplifying multi-client management for providers

- Purpose-built VMS platforms with multi-tenant, hierarchical architecture let providers efficiently manage diverse client portfolios and adapt quickly to changing enterprise needs – without extensive reconfiguration

Intuitive UX and robust analytics capabilities
A user-friendly interface combined with powerful analytics enhances usability for enterprises and drives differentiation for providers.

- Mobile-optimized, intuitive interfaces boost user adoption and responsiveness, while reducing training needs
- Self-service analytics and reporting give enterprises direct access to data insights, lowering support requirements
- Real-time executive dashboards provide strategic visibility for enterprises and help providers demonstrate tangible, data-driven outcomes

Seamless integration capabilities
Robust integration features improve enterprise efficiency and reduce implementation complexity for MSPs.

- Embedded Integration Platform-as-a-Service (iPaaS) and pre-built connectors enable rapid, simplified integration, reducing resource requirements
- Leading VMS platforms now integrate seamlessly with complementary tools, such as timesheet tracking systems, to support compliance, synchronize data across systems, and maintain data integrity

Customer-centric support and continuous innovation
Ongoing support and innovation are essential for sustainable success and adaptability in mid-market programs.

- Dedicated customer success teams and always-on support ensure personalized assistance and build long-term trust
- Agile development cycles allow platforms to release ongoing improvements that help enterprises adopt evolving best practices
- Modern VMS platforms continue to invest in features such as self-service configuration of emails, invoices, and AI-powered tools to improve operational efficiency and reduce administrative burden

While these priorities are relevant across all enterprise sizes, their criticality differs based on organizational needs, internal capacity, and maturity in CWM adoption.

Exhibit 3 highlights these differences across small, mid-, and large enterprises, reinforcing the case for solutions purpose-built for the mid-market.

Key considerations for selecting a mid-market-focused VMS

The SCALE framework

Mid-market organizations – and the CWM/MSP providers that support them – are demanding more from VMS platforms. They need solutions that deliver speed, agility, and value, areas where traditional enterprise-focused platforms often fall short. When evaluating a purpose-built VMS platform, stakeholders should go beyond basic features and assess higher-order strategic criteria. The **SCALE framework – Scalability, Compatibility, Alignment, Leverage, and Evolution** – offers a structured approach to do just that. It helps realign focus toward the strategic drivers most relevant for mid-market success. Each dimension represents a critical evaluation lens for selecting VMS platforms tailored to mid-market needs.

Exhibit 4 provides an overview of each element of the SCALE framework.

Exhibit 4: The SCALE framework to evaluate mid-market-focused VMS platforms
Source: Everest Group (2025)

Scalability
Cloud-native platforms that grow with the business

Multi-entity support without performance degradation

Compatibility
Seamless integration with existing HRIS, ERP, and finance systems

Pre-built connectors and embedded integration solutions

Alignment
Strategic fit with unique workflows and organizational culture

Provider commitment to mid-market realities

Leverage
Streamlined processes delivering quick wins and faster RoI

Enhanced analytics for data-driven decision- making

Evolution
AI-powered innovation and predictive analytics

Continuous adaptation to market trends and regulatory changes

Conclusion

As mid-market enterprises increasingly adopt contingent workforce strategies, the role of CWM/MSP and VMS providers becomes even more important. Providers that embrace tailored, purpose-built platforms – designed to address mid-market challenges such as fast deployment, integration ease, and cost-effective scalability – can stand out in a competitive market and unlock new growth opportunities.

To succeed, MSPs and VMS providers must form strategic partnerships built on alignment and innovation. Frameworks such as SCALE enable stakeholders to evaluate platforms methodically, ensuring both short-term effectiveness and long-term value creation. Providers that proactively evolve to meet the specific needs of mid-market clients will not only thrive but define the next generation of CWM success.

Ultimately, the evolution of VMS and MSP partnerships goes beyond operational efficiency. It presents a transformative opportunity to equip mid-market enterprises with the agility, scalability, and strategic edge that were once the domain of large enterprises. Providers ready to embrace this shift are poised to lead the mid-market contingent workforce landscape of tomorrow.

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