


The word "Quantum" is written in a sans-serif font with a color gradient from blue to purple to red.The text "THE MSP STORAGE MODEL IS BREAKING" is centered. "THE MSP STORAGE MODEL IS" is in white, and "BREAKING" is in large, bold, yellow letters with a cracked texture. Red and blue lightning bolts are on either side.

**MSP Storage Models Have Been Broken by
the Disruptive Supply Chain**

Here's How MSPs are Rebuilding Margin
Through Clever Use of Cold Storage

Abstract, flowing light waves in shades of blue, orange, and red at the bottom of the slide.

The MSP Storage Market is Changing Fast

The economics of managed storage are becoming increasingly difficult.

Data volumes are exploding. Retention periods are extending. At the same time, the infrastructure MSPs rely on—especially SSDs and HDDs—is becoming more expensive, harder to source, and increasingly constrained by global demand driven by AI infrastructure and hyperscalers. This is not a temporary blip. It is a multi-year trend that is expected to last through the end of the decade.

These storage market dynamic creates a serious commercial problem for most MSPs.

Traditional MSP storage models were generally **not** designed for:

- Petabyte to Exabyte cost effective growth
- Long-term retention at economical scale
- Lucrative multi-tenant profits
- Ongoing supply chain volatility

Those rapidly rising storage costs—up to 500% in the 1st quarter of 2026 alone—are causing margins to correspondingly shrink.

MSPs that continue to bank on high-cost primary or secondary storage for long-term data are becoming noncompetitive—especially against hyperscalers with vastly greater purchasing power. Not just in pricing, but in even being able to meet customer demand or new opportunities.

Leading MSPs are responding differently.

They are redesigning how they deliver primary storage and secondary storage with the clever use of long-term storage combined with an autonomous data mover. This combination empowers their Storage-as-a-Service (STaaS) models to:

- Reduce infrastructure exposure
- Slow the consumption of costly SSDs and HDDs
- Free up primary and secondary storage for important hot data
- Move inactive archival data to tape-based cold storage with Glacier-tier economics
- Protect margins
- Create new highly profitable recurring revenue
- Scale long-term retention gainfully with excellent margins

This shift is no longer just a technical optimization.

For MSPs, it has become a business necessity.



**WHY TRADITIONAL MSP STORAGE
ECONOMICS ARE BREAKING**

MARKET SHIFT

Many MSPs still treat long-term data as infrastructure overhead.

The multi-year supply chain disruption has made that approach unsustainable and business killing.

What has changed is not simply data growth—it is the economics surrounding it.

Long-term cool and cold data now represents:

- Most customer data—research has shown it to be as much as 90% of all the data in the data center
- The longest retention requirement
- The largest portion of storage-related cost

At the same time:

- SSD pricing is increasing at an alarming rate and becoming increasingly difficult to source at all
- HDD supply is also tightening with most drives sold out through 2026 and well into 2027
- Power and cooling costs are also surging upward
- AI has changed the economics of all infrastructure that requires a chip of any type
- Hyperscalers are consuming enormous infrastructure volumes for AI

This creates mounting pressure on MSP margins.

Customers still expect:

- Low-cost retention
- High availability
- Long-term durability

But delivering all three using traditional primary and secondary storage infrastructure is no longer viable.

The MSPs adapting fastest are redesigning their storage model around lower-cost long-term retention architectures with autonomous data movers.

HOW MSP STRATEGIES ARE EVOLVING

A clear divide is emerging between MSPs treating storage as infrastructure and those treating it as a scalable service business.

Traditional Approach	Evolving Approach
Storage as infrastructure	Storage as a service
High-cost long-term retention	Cost-optimized warm/cool/cold storage
Project revenue	Recurring revenue
Capacity management	Service monetization
Reactive scaling	Predictable growth model

This shift is less about storage technology—and more about protecting margin and long-term competitiveness.





HOW MSPs ARE REBUILDING MARGIN WITH STAAS

STAAS MODEL

Storage-as-a-Service is not simply a storage platform. **It is a commercial strategy designed to solve a growing MSP problem: How to continue scaling storage profitably as infrastructure costs rise.**

The MSPs succeeding in this space typically build around four core elements:

1. Cost-Efficient Long-Term Storage

Reducing the cost of storing inactive data is the foundation of margin protection.

2. Multi-Tenant Service Delivery

Shared infrastructure improves operational efficiency and scalability.

3. Standardized Access (S3 Standard and S3 Glacier Compatibility)

Simplifies customer integration and service onboarding.

4. Service Packaging

Storage becomes a recurring service with tiered pricing and SLAs.

The economics are straightforward:

Lower infrastructure cost → greater pricing flexibility → improved margin potential

This enables MSPs to:

- Compete more effectively with hyperscalers
- Deliver predictable storage services
- Scale long-term retention profitably





COST

QUALITY

SPEED

EFFICIENCY

**WHAT MSPs ARE PRIORITIZING
AS COSTS RISE**

MSP PRIORITIES

Across real-world deployments, MSP buying priorities are becoming increasingly consistent.

1. Cost

Cost has become the defining factor in long-term storage strategy. Without a meaningful cost advantage, margins become difficult to sustain.

2. Data Durability

Data durability is the peace-of-mind knowing that the data stored does not become corrupted, lost, or altered in an unauthorized way and is always retrievable.

3. Scalability

The ability to grow from PB to multi-PB without redesign is critical.

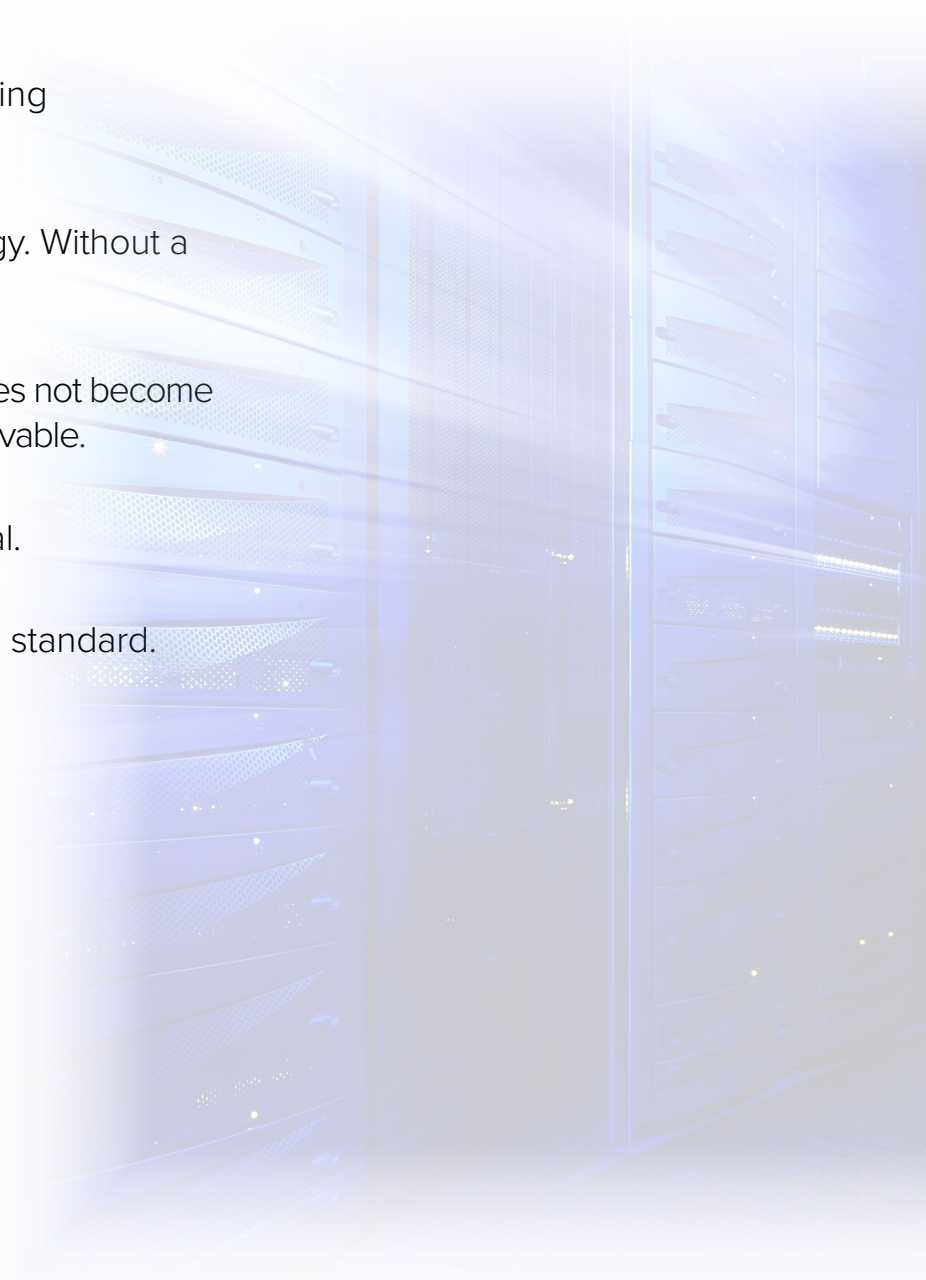
4. Resilience and Availability

Customers expect continuous access and multi-site durability as standard.

Key Observation

MSPs are no longer evaluating storage purely on features.

They are evaluating **whether their storage strategy remains commercially viable over the next 3–5 years.**





FROM STORAGE INFRASTRUCTURE TO STORAGE SERVICE

MSP USE CASE – PINK ELEPHANT

Pink Elephant faced a challenge many MSPs now recognize: Customer data growth was accelerating, but traditional storage economics were becoming harder to sustain.

They needed to:

- Reduce storage costs at scale
- Support long-term retention
- Deliver storage as a multi-tenant service
- Maintain operational simplicity

Their existing infrastructure made this increasingly difficult.

To address this, **they redesigned how long-term storage was delivered by:**

- Introducing lower-cost storage tiers
- Reducing dependence on expensive always-on HDD infrastructure for inactive archival retention
- Implementing geo-distributed architecture
 - Which saved their stored data and their business when one of their data centers caught fire
- Enabling S3-based service delivery
- Automating data movement across tiers

The result:

- Lower storage costs
- Simplified operations
- A scalable storage service
- A stronger recurring revenue foundation

KEY TAKEAWAY

The shift was not just technical—it was economic.

By restructuring long-term storage around cost efficiency and service delivery, Pink Elephant improved both competitiveness and scalability.

→ [Read the full Pink Elephant case study](#)





THE FOUNDATIONS OF A VIABLE STAAS BUSINESS

FIVE PILLARS

Successful MSPs are increasingly building their storage strategy around five operational priorities:

1. Cost Efficiency

Long-term storage economics must remain sustainable as data grows.

2. Service Monetization

Storage must be packaged and delivered as a recurring service.

3. Operational Simplicity

Automation reduces management overhead and protects margin.

4. Resilience

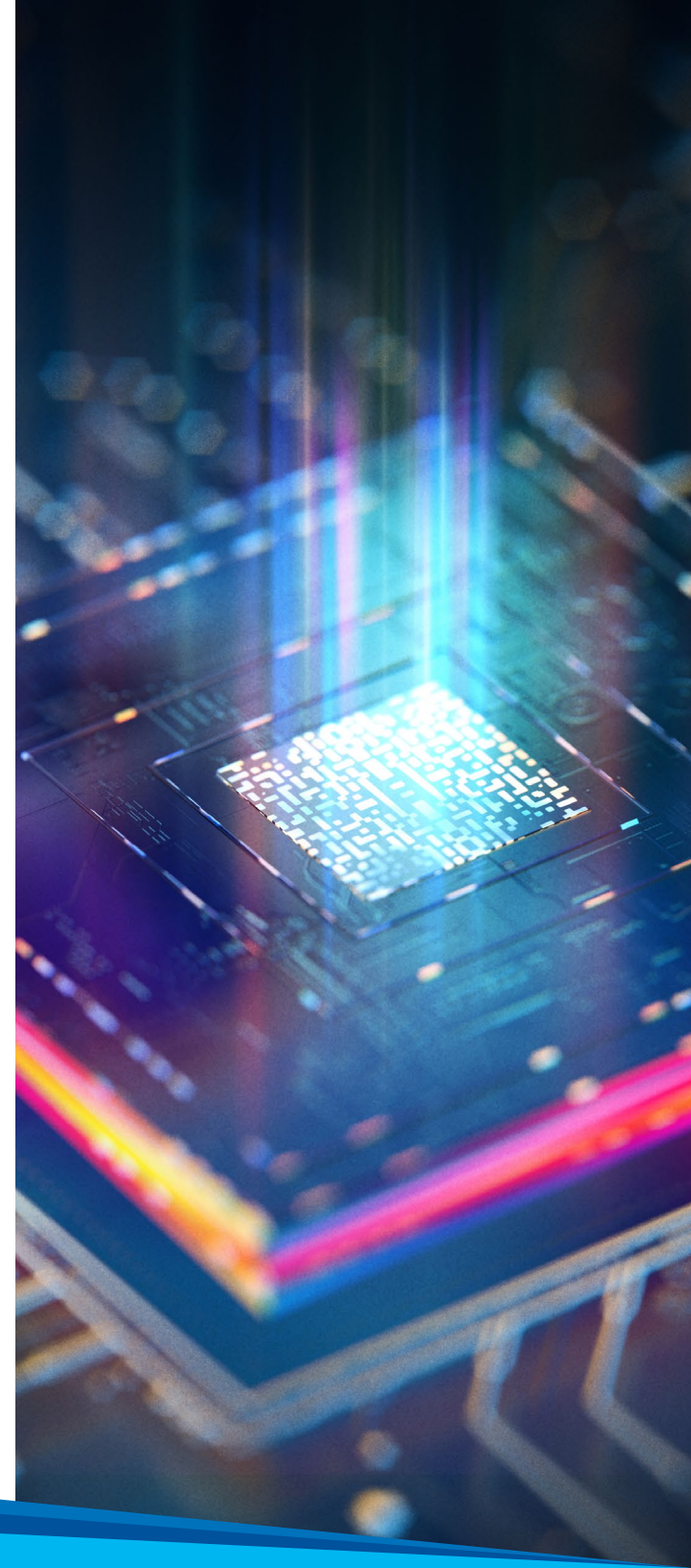
Enterprise customers expect availability, durability, and data protection.

5. Scalability

The platform must scale without introducing operational disruption.

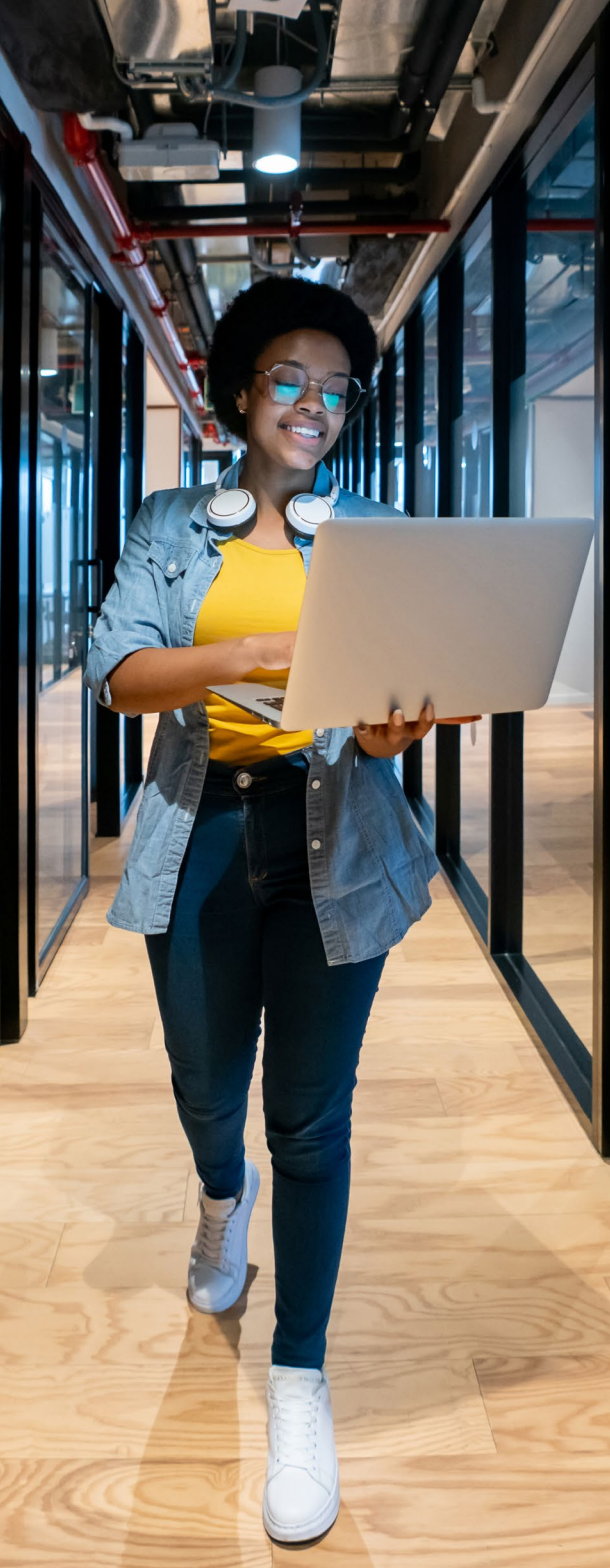
The MSPs that succeed will not necessarily have the most features.

They will have the most sustainable operating model.





**A PRACTICAL APPROACH TO
GETTING STARTED**



Step 1: Identify Margin Pressure

Look for:

- Rapidly rising storage costs
- Unacceptable primary and secondary storage acquisition timeframes
- Long-term retention growth
- Backup and archive expansion

Step 2: Define the Service Model

Clarify:

- Storage tiers
- Pricing structure
- SLA expectations

Step 3: Build Around Long-Term Data Economics

Focus on:

- Lower-cost retention
- Standardized access
- Multi-tenant scalability

Step 4: Position the Value

Lead with:

- Predictable cost
- Operational simplicity
- Long-term sustainability

Step 5: Scale Gradually

Expand services, customers, and capacity over time.

A person in a dark suit is holding a smartphone. The background is a deep blue with various glowing icons: a rocket, a handshake, a clipboard, gears, a target, a bar chart, and a cloud with arrows. A large, glowing blue arrow curves from the smartphone towards the rocket icon. The text "WHAT WILL DIFFERENTIATE MSPs THAT SURVIVE THIS SHIFT" is overlaid at the bottom in white, bold, uppercase letters.

**WHAT WILL DIFFERENTIATE
MSPs THAT SURVIVE THIS SHIFT**

Three consistent patterns are emerging among MSPs adapting successfully to changing storage economics:

1. They Lead with Commercial Value

The conversation is shifting from storage features to business sustainability.

2. They Use Proven Models

Real deployments and customer references reduce risk and accelerate adoption.

3. They Build Long-Term Service Relationships

Recurring revenue and long-term retention strengthen customer value over time.

The MSPs that adapt first will be best positioned to protect margin, retain customers, and compete against hyperscalers.



Storage is Becoming a Strategic Business Decision

The storage market is entering a new phase.

Customers require:

- Greater capacity
- Longer retention
- Lower cost

At the same time, MSPs face:

- Infrastructure cost pressure
- Supply chain uncertainty
- Increasing hyperscaler competition

Traditional storage approaches are becoming harder to sustain economically.

MSPs that redesign long-term storage around cost efficiency and service delivery will be better positioned to:

- Protect margins
- Deliver scalable services
- Improve operational efficiency
- Build long-term recurring revenue

The shift toward STaaS is no longer just an opportunity.

It is rapidly becoming a competitive requirement.



FROM INFRASTRUCTURE TO BUSINESS STRATEGY

Storage is no longer just an operational requirement—it has become central to MSP profitability.

As data volumes grow and infrastructure costs rise, MSPs face a choice:

Continue absorbing the cost of long-term retention...

...or redesign long-term retention around Glacier-tier cold storage economics that improve margin, reduce infrastructure dependence, strengthen cyber resilience, and create scalable recurring revenue.

The MSPs that adapt fastest will be best positioned to compete in the next era of managed services.

Quantum provides the foundation to make that shift possible.

Explore how to evolve your storage strategy.

[→ Connect with Quantum to define your STaaS roadmap at www.quantum.com/msp.](http://www.quantum.com/msp)

Quantum.

Quantum delivers end-to-end data management solutions designed for the AI era. With over four decades of experience, our data platform has allowed customers to extract the maximum value from their unique, unstructured data. From high-performance ingest that powers AI applications and demanding data-intensive workloads, to massive, durable data lakes to fuel AI models, Quantum delivers the most comprehensive and cost-efficient solutions. Leading organizations in life sciences, government, media and entertainment, research, and industrial technology trust Quantum with their most valuable asset – their data. Quantum is listed on Nasdaq (QMCO). For more information visit www.quantum.com.

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