

UK IT Outsourcing Study 2013

Whitelane Research, an independent organisation uniquely focused on (out)sourcing research and events, has published the results of its annual study on IT Outsourcing and IT service provider performance in the United Kingdom. More than 230 participants of the top IT spending organisations in the UK evaluated over 700 unique IT outsourcing contracts with a total combined annual value of more than £15bn.

The UK study is part of Whitelane's extensive annual IT outsourcing studies which interview sourcing executives (CIOs/ CFOs) about their opinion on their outsourcing plans and service providers. The study is conducted in 13 European countries and a pan-European report is published at the end of the year. The research provides a comprehensive overview of the IT outsourcing landscape, main sourcing trends, positioning of the main outsourcing service providers based on different key performance indicators (KPIs), cloud computing trends and governance and IT procurement trends.

Key findings from the UK study:

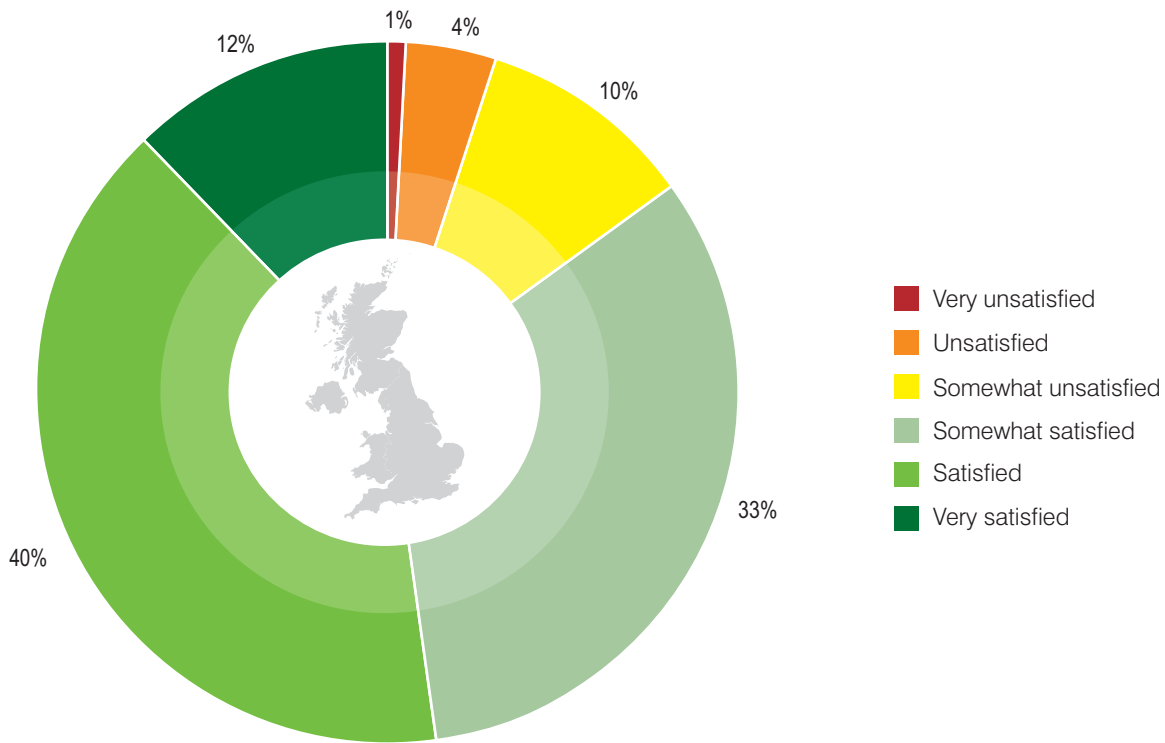
1. The results show that 37 percent of participating companies will continue to outsource more while another 37 percent indicate that there will be no change in their outsourcing activities. Whitelane's study reveals that 13 percent of organisations are planning to insource (or outsource less).
2. Cost reductions are the main driver for those companies that decide to outsource more (cited by 70 percent). Non-cost based drivers are also important with focus on core business, improvement of service quality and access to resources cited by almost 50% of organisations.
3. Overall, the service provider community shows strong satisfaction performance with 85 percent satisfied with their outsourcing contract (Figure 1). With the exception of the public sector, Whitelane recommends that this results in more sole sourcing renewals wherever possible.
4. TCS and Computacenter share the No.1 position (Figure 2) in the Service Provider satisfaction ranking. There are quite some differences in the ranking with a 19 percentage points difference between the No.1 and No.24 vendor. Whitelane's comprehensive UK report contains more details and ranks the Service Providers by IT domain as well as in nine different KPIs.
5. The study also confirms that 22 percent of all organisations have not renewed one or more contracts with the same vendor last year (Figure 3), which accounts for less than 7 percent of all contracts.
6. The high percentage of contract renewals can be attributed to the fact that almost 50 percent of organisations renegotiated their contract(s) with their current vendors last year and more than 80 percent were successfully able to achieve cost reductions and better terms and conditions (Figure 4).
7. The results also reveal that service providers can increase satisfaction levels while focusing on being more proactive and creative in order to meet the request for further cost savings.
8. The participants clearly indicate that they can still improve their own governance: one out of four clients is unsatisfied with their own governance capabilities (Figure 5).

Contact

For more information or to arrange an interview with Jef Loos, Head Sourcing Europe at Whitelane Research, please contact Sarah Scurr at sarah.scurr@whitelane.com.

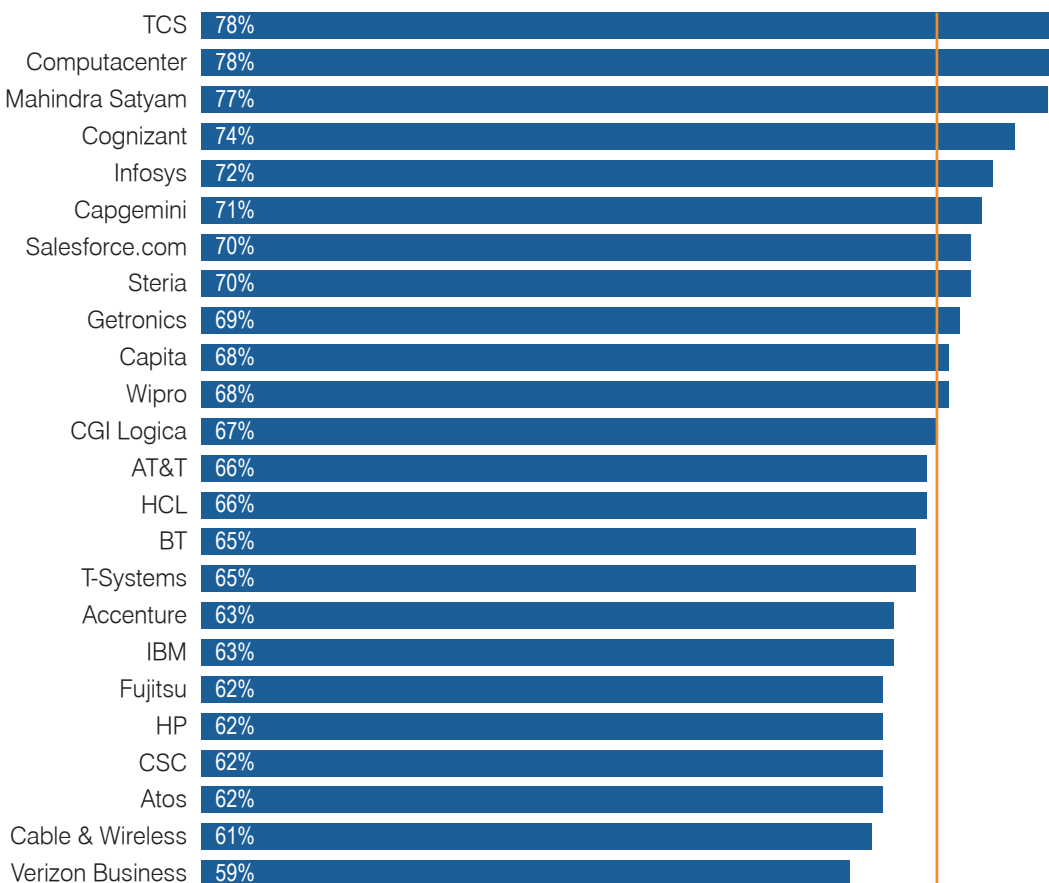
Appendix

Figure 1: General satisfaction across all UK contracts



N=712

Figure 2: General satisfaction with UK IT service providers (overall)



Average:67%

Figure 3: Were there any contracts last year that were not renewed with the same vendor?

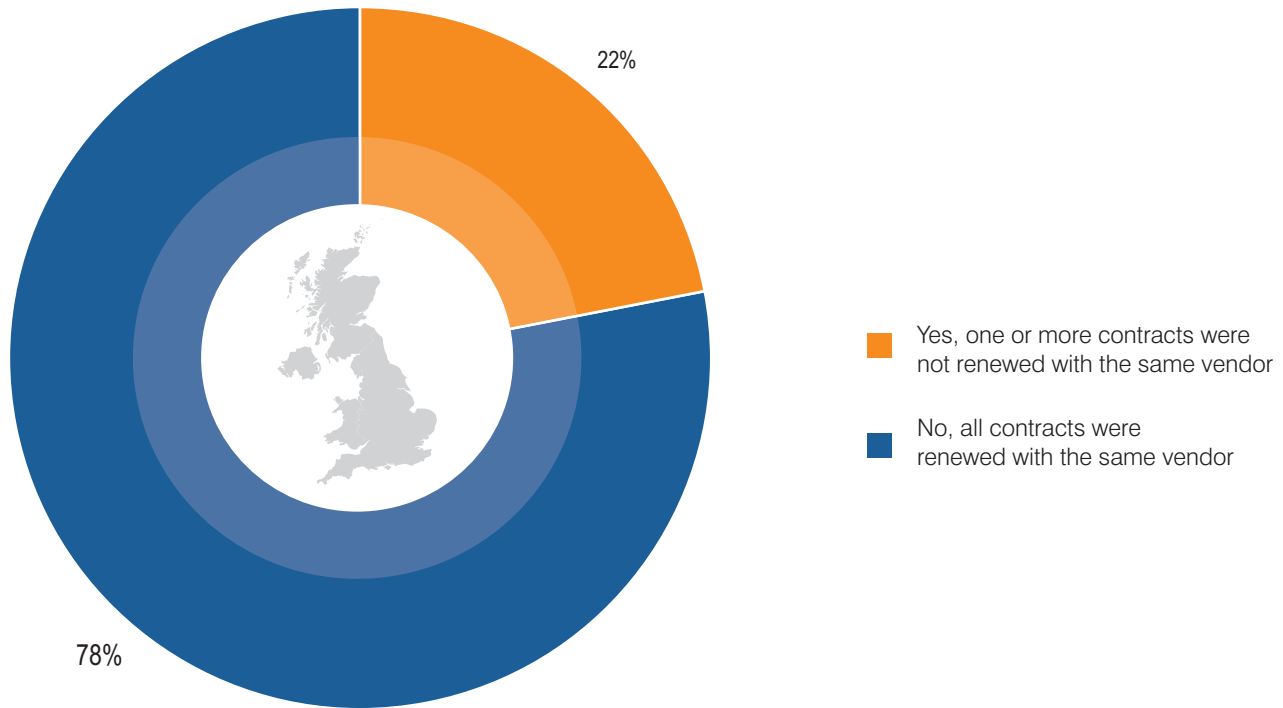


Figure 4: Have you renegotiated your contract in the last years, and if yes, what were the main results?

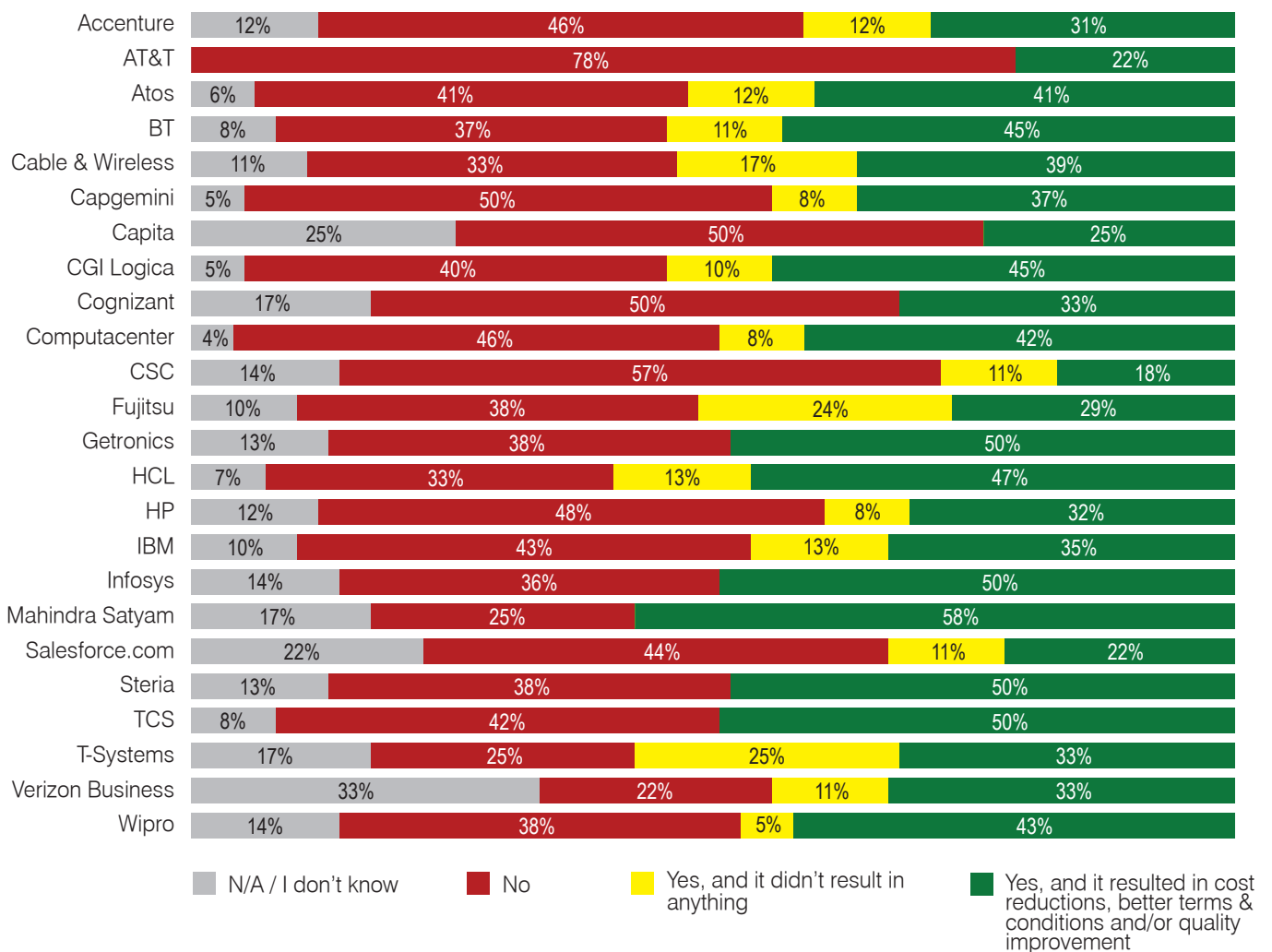


Figure 5: How satisfied are you with your own (governance) skills/competencies to manage your service providers?

