Whitelane Research

PRESS RELEASE

Whitelane Research 2013 IT Outsourcing Study Nordics

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 Nordics marketplace.

More than 350 participants of the top IT spending organisations in the Nordics evaluated over 1000 unique IT outsourcing contracts with a total combined annual value of €4.5bn.

The Nordics 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 also published. 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, governance and recommendations from the top 20 service providers.

Key findings from the Nordics study:

1. The results clearly indicate that participating companies will continue to outsource more (cited by 40 percent). Insourcing (or outsourcing less) is only for a small group of participants (9 percent) a viable business option.
2. Cost reductions remain the main driver for those companies that decide to outsource more. As a result, nearshore and offshore outsourcing service providers could become increasingly important. Additionally, some providers (in particular, local Scandinavian vendors) will have to work on further developing their global service delivery capabilities in order to remain competitive with these cost reduction requirements.
3. Overall, the Service Provider community shows strong satisfaction performance with an impressive 86 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 HCL share the No.1 position (Figure 2) in the Service Provider satisfaction ranking and the top 5 is captured by Indian service providers. There are however quite some differences in the ranking as there is almost 30 percentage points difference between the No.1 and No.28 vendor. Whitelane's comprehensive Nordics report contains more details and ranks the Service Providers by process as well as in nine different KPI's.
5. The study also confirms that 81 percent of participating organisations have renewed their existing contract with the same vendor last year (Figure 3). Nineteen percent of all organisations have not renewed one or more contracts with the same vendor last year, which accounts for less than 5 percent of all contracts.
6. The high percentage of contract renewals can be attributed to the fact that more than 40 percent of organisations renegotiated their contract(s) with their current vendors last year and 93 percent were successfully able to achieve cost reductions and better terms and conditions (Figure 4). Only 7 percent of the companies that tried to renegotiate their contracts were not successful.
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 five clients is unsatisfied with their own governance capabilities (Figure 5). We have conducted an additional, separate survey this year and have asked executives of the top 20 service providers some questions about their clients. This vendor survey revealed that one out of two clients could seriously improve their own governance (Figure 6). Whitelane's detailed report contains additional recommendations on how clients can improve their governance skills.

Contact

For more information or to purchase a copy of the Nordics report, please contact Jef Loos, Head Sourcing Europe at Whitelane Research at jef.loos@whitelane.com.

Appendix

Figure 1: General satisfaction across all contracts (overall)

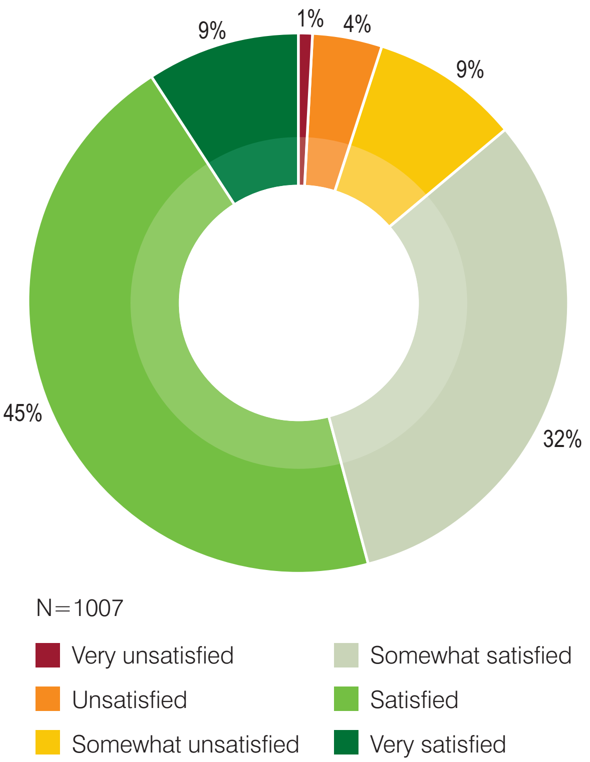

Figure 2: General satisfaction with IT Service Provider (overall)

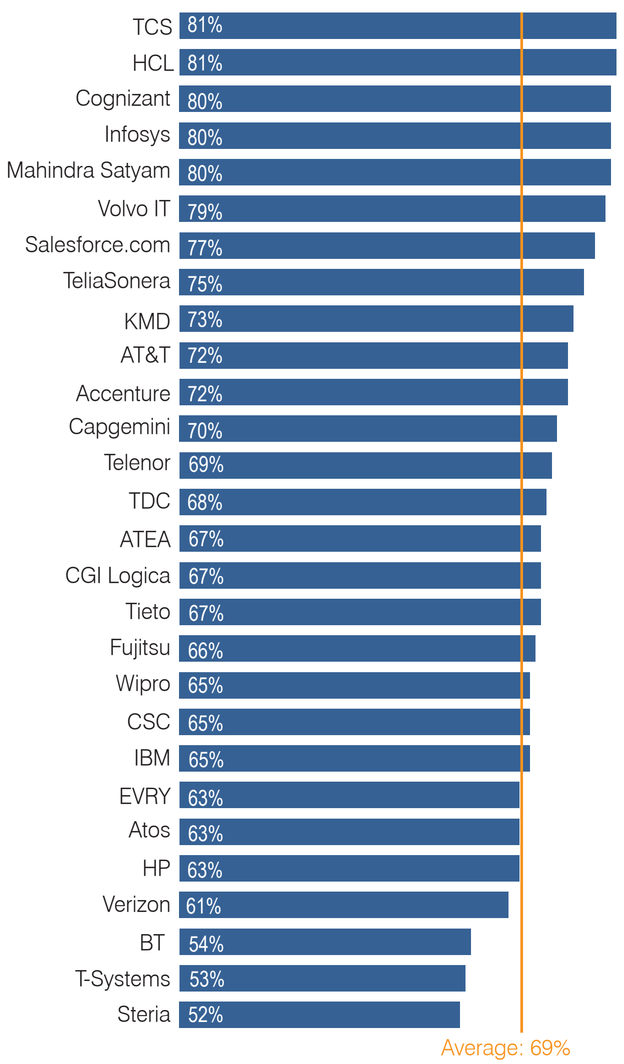

Figure 3: Were there any contracts last year that were up for renewal, but were not renewed with the same vendor? (overall)

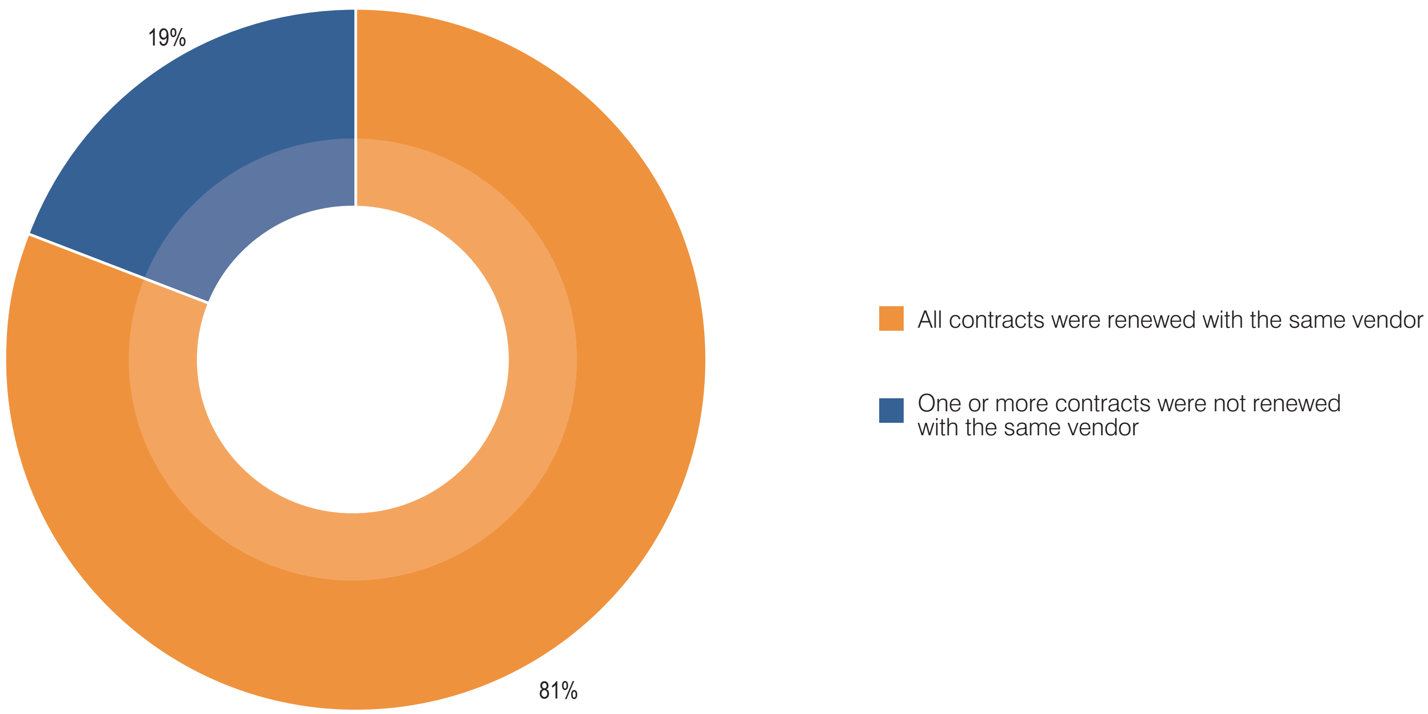

Figure 4: Have you renegotiated your contract in the last years, and if yes, what were the main results? (overall)

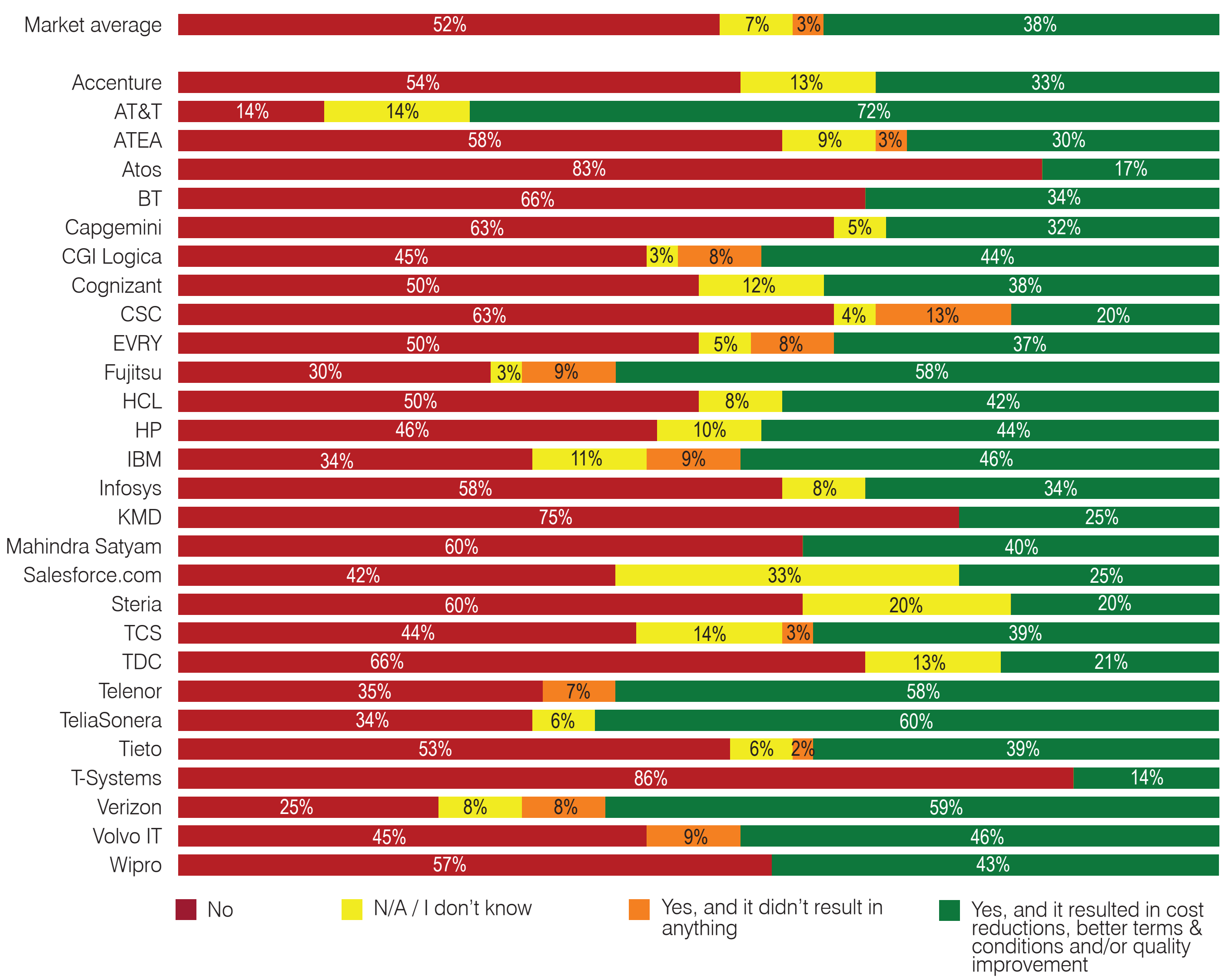

Figure 5: How satisfied are you with your own (governance) skills/competencies to manage your service providers? (overall)

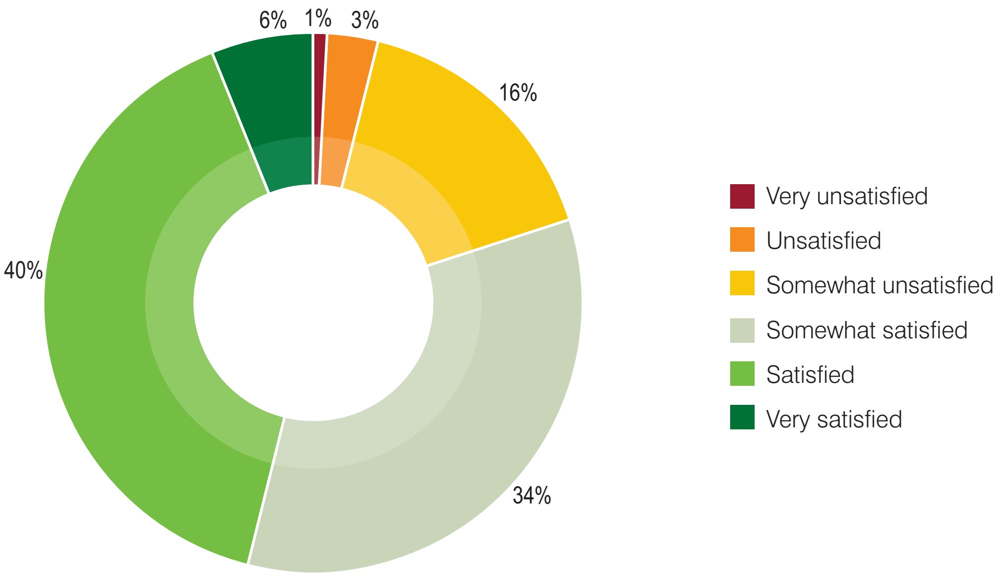

Figure 6: How mature do you consider your clients in general with their capabilities in the following areas? (overall)