OUTSOURCING TRENDS

Discover which trends are about to stir things up on the outsourcing market

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INTRODUCTION

The global IT market is constantly evolving and so is technology. In order to meet the needs of clients and stay competitive, companies must follow market trends and offer new technological solutions.

However, sometimes following these novelties can become a 24/7 job and not every company can afford to do that, often as a result of insufficient or inadequate resources.

The lack of capacity or capability are some of the reasons that, through recent years, the outsourcing market grew vastly and is expected to grow even more.

From now until 2019, the IT outsourcing market will experience a Compound Annual Growth Rate (CAGR) of 5.84%.

Even though outsourcing may be a great solution for talent shortages or the necessity to quickly adapt the size of the development team to business requirements, these are not the only reasons companies decide to outsource. According to Deloitte’s report, from the beginning of 2016, there are other motives as well. Some may do it in order to cut costs, while others wish to strengthen their core business or increase profitability. All of this to drive transformational change and improve annual results. Outsourcing in IT currently stands at 72% and it is supposed to experience the growth of 31% in the following years*.

To help you see where the potential for making the most of technology for your organisation is, we’ve compiled a list of top industry trends that have recently been gaining force in the IT market.

SOURCES

Deloitte’s 2016 Global Outsourcing Survey
https://www2.deloitte.com/content/dam/Deloitte/nl/Documents/operations/deloitte-nl-s&o-global-outsourcing-survey.pdf

*WHAT ARE YOUR CURRENT AND FUTURE OUTSOURCING STRATEGIES FOR THE VARIOUS BUSINESS FUNCTIONS?

<table>
<thead>
<tr>
<th>Function</th>
<th>Currently Outsource</th>
<th>Increase Use of Outsourcing</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT</td>
<td>72%</td>
<td>31%</td>
</tr>
<tr>
<td>Legal</td>
<td>63%</td>
<td>14%</td>
</tr>
<tr>
<td>RE &amp; FM</td>
<td>60%</td>
<td>30%</td>
</tr>
<tr>
<td>Tax</td>
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<td>17%</td>
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</table>
SECURITY

With the development of technology comes the development of threats. That is why, security became the companies’ top priority and it will continue to be so.

Why? Security threats are now an even bigger concern. It is all due to the involvement of smart equipment and the Internet of Things which has become more common and is presenting potential problems or loopholes for exploitation by hackers, who come up with more and more creative ways to haunt us.

Security-as-a-service may therefore come to the rescue of those willing to eliminate possible privacy breach issues.

What does it mean? Above all – constant defence against threats and peace of mind, since with security-as-a-service protection and maintenance of your software are your vendor’s responsibility.

In particular, this very service can offer:

- Non-stop threat scanning
- Fast reaction time in case of emergencies
- Large knowledge base and expertise

Security-as-a-service allows to delegate responsibilities to the vendor, which saves time and money, while allowing you to make use of your vendor’s expert knowledge.

MODERNISATION

Most enterprises already have their own IT systems. However, this doesn’t mean the systems will run without problems forever.

With time, their performance or usability may decrease, which means they may no longer meet the demands of the business or its customers, who are taught by the industry to expect super-convenient user experience. This is why, many companies decide to modernise their software to make it functional and compatible with emerging technologies.

It is crucial for the software in your company to work seamlessly, allowing your business to flourish. Additionally, as long as your company’s systems are up to date, it seems more trustworthy for your current and potential customers.

Because of that, it is sometimes beneficial to modernise at least a part of the IT system, implementing new business processes, allowing the existing ones to work in a more effective way and improving company’s performance.

Doing so requires a high level of expertise and skill rarely found in a typical IT service-oriented department. This is why, looking for an outsourcing partner with specialists in performance, security, databases and user experience may be vital for the success of your modernisation project.
**AUTOMATION**

With the amount of data and information new technologies enable, it is becoming extremely difficult to continue to work manually.

This is why, many enterprises are looking at process automation as a way to increase efficiency and decrease costs.

Automation does not need to mean a complete overhaul of your current system or robots replacing people. Instead, it can introduce huge time savings through innovations targeting repetitive, time-consuming, manual tasks – ones which demotivate your employees.

Apart from improving the working environment of staff through reducing or eliminating repeatable tasks, automation can reduce the amount of errors and create more straightforward processes by improving the standardisation of process workflows.

**AGILE**

In Agile methodologies constant improvement goes hand in hand with flexible changes, which both lead to adaptive planning.

Agile methodologies help to improve numerous processes by dividing work to be completed into sections that can be delivered in a set time.

**WHAT DOES IT MEAN?**

Working in Agile brings a number of benefits to both sides of the project, including accelerated time to market, the ease of managing changing priorities and an improved visibility of the project. The approach also allows for a better alignment of IT and business and brings better productivity with issues discovered sooner, meaning an increased product quality.

On top of everything, quality and testing are an essential part of Agile methodologies, so companies can introduce their products gradually and each delivered piece of software is thoroughly tested.
BIG DATA

Big data is one of those not-so-new trends that has been a part of our everyday life for quite a while now.

It is even tricky to still call it ‘big’, because it smoothly moved to the section of ENORMOUS and more data means more in-depth analysis.

Big Data allows companies to store significant resources to make informed decisions, improve their operations and marketing of their products, and offer a more personalised approach.

HOW DOES IT WORK?

By storing all kinds of information which can be analysed and interpreted to deduce how many aspects of our everyday life look alike. It stores data from numerous connected sensors around us that measure practically everything. Companies track our offline and online shopping habits, the websites we browse, TV programmes we watch, etc.

Not only can Big Data enhance the customer experience in your enterprise, it can also help you gather valuable data to track patterns and behaviours of your customers to offer better solutions.

INTERNET OF THINGS (IoT)

According to Cisco, from now until to 2020, 10 billion new devices and connections will enter global IP networks. This means the number will increase from 16.3 billion in 2015 to 26.3 billion by 2020, showing how big an impact the growth of IoT has on the way we live and work.

The quantity of collected data is already massive. 17 years after the introduction of plans for the smart fridge, IoT has been incorporated in most enterprises and, as a result, more and more companies wish to expand in this direction to make IoT even more mainstream.

With the development of smartness, each aspect of our lives is likely to be enhanced. Even though the use of sensors and special technologies is quite new for businesses, outsourcing is certain to thrive in this very area.

This creates ways to come up with new applications, devices and technologies.

The expansion of connected devices means undiscovered niches will be explored and developed further. It also means that some companies will strive to become pioneers on the market in new IoT areas.
MOBILE-FIRST

Mobile market has grown noticeably in the last years. Right now, it is used for performing almost every activity, in addition to calling and texting.

Most of us forgot about newspapers and replaced them with smartphones. We check our phones approximately 150-200 times every day which makes it up to 4 hours spent daily on our phones*. This clearly means that most of us switched from desktop to mobile.

As a result, we expect mobile applications to be as fast, functional and as intuitive as possible.

This is why, most companies may be interested in the mobile-first trend. It basically means designing websites and applications for mobile phones in the first place and then focusing on their desktop equivalent.

There are numerous examples of mobile-first services, ranging from the well-known like Snapchat or Uber, to new concepts, like mobile banks.

Not having well-designed applications, easy on the eye interfaces and mobile-friendly webpages may mean missing out on the opportunities to expand your businesses.

AUGMENTED REALITY

The development and implementation of smart technologies in enterprises go hand in hand with looking for new areas to stand out in.

This is the reason why Augmented Reality is becoming more and more popular right now. It gradually enters our lives, we see it being used in complicated IT projects, as well as in inventive marketing strategies and games.

Since Augmented Reality is the mixture of real-time elements with virtual features, its possibilities are endless and, interestingly, still not fully uncovered.

The future is looking bright for this very innovation. Not only may we be able to stream videos and take pictures using our contact lenses or glasses, we may also introduce virtual catalogues which will appeal to customers’ emotional experience.

Merging two worlds – the real one and virtual one is guaranteed to boost companies’ image and make them more recognisable on the market in the following years.

SOURCES

GlobalWebindex Q3 2015

Base: Internet Users Aged 16-64

*TIME ONLINE ON MOBILE, BY AGE

Number of hours per day typically spent online on a mobile

<table>
<thead>
<tr>
<th>Age Range</th>
<th>Hours (hrs)</th>
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<tbody>
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<tr>
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<tr>
<td>55-64</td>
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</tr>
</tbody>
</table>
QUALITY

Increasing the quality of services may be obvious, however right now the emphasis on quality is bigger than ever.

Why? It is very often the case that low quality software scares away potential clients, who will also leave you with bad word-of-mouth. For this reason, the next few years may abound with the shift in contracts from fixed price to outcome-based ones, where the results will be thoroughly assessed.

Agile will be used more and more, as the methodology of choice, to increase the quality, since it puts great emphasis on the value of software delivered.

What is more, apart from manual inspections, tools that automate the testing process will be used more often. Thanks to that, issues will be rarely overlooked and will be spotted as soon as possible.

CONCLUSION

According to Forrester, IT market’s value is forecasted to grow even by 4.7% by the end of the year.

With so many technology avenues to explore with a potential of improving business performance and winning against competitors, industry leaders are reaching out to specialists who can help them extend their capacity and technical expertise to take advantage of these new technologies and take a lead in the technology race.