

CHALLENGES

As the global economy appears to be emerging from recession, the outsourcing market is gearing up for growth once more as companies seek to cut cost, get best-in-breed services and drive efficiencies.

Cautious optimism surrounds outsourcing

Talk of 'green shoots' has buoyed the industry and given hope that in areas we may be seeing the very early signals of an economic recovery in the UK. But there is still disagreement on this point and it seems the industry is still some way from being entirely out of the woods. Even so, there has been a definite change in sentiment in business in general and the outsourcing industry itself. It seems businesses are beginning to look beyond the crises and starting to think about how they want their businesses to work when prosperity does return.

The outsourcing industry has sensed this change and continues to adapt its pitch to the current business mood.

Know the issues

1 One area neglected by many during these difficult times has been the environment. Green is top of the agenda for the UK's 5,000 largest companies as the government's

ambitious CRC initiative comes into view. April 2010 has been marked as the first deadline for reporting on these company's carbon emissions. Outsourcers have not been idle in this climate and continue to develop new innovative offerings helping to cut customer's carbon emissions through the supply chain.

The NOA has also recognised the importance of pushing the environmental agenda through the launch of its Green Steering Committee, designed to help end-users and outsourcers understand how to deliver environmental benefits in sourcing.

Another area high on the industry's agenda is innovation, both for the environment and business enhancement. During the recession's depths, customers were asking their providers to innovate in further cutting their costs, now competitive advantage post-recession is back on the agenda. Seeking innovation through outsourcing is a constant topic for discussion in the industry and it also looks set to grow in interest during 2010.



Martyn Hart
Chairman, National Outsourcing Association

MY BEST TIPS

Clarity and capability

1 Be absolutely clear about what you want and what you will be getting. Does the supplier have the capability to do what you want and do you have the capability to work with the supplier?

Communication

2 Make sure you are engaged with your stakeholders and the suppliers, especially their top management - relationships are key. Throughout the entire process ensure you communicate as much as possible.

Understand the potential factors

2 But it's not all rosy. For many, the struggle will continue for the foreseeable future.

If, as predicted, the Tories gain power in the inevitable general election next year, the public sector will have some tough decisions ahead. Both parties have admitted there will be significant budget cuts on top of existing financial pressures across the public sector. This is going to spark a renaissance in public sector outsourcing as local governments to police forces seek to drive down costs. Depending on how severe the budget pressures become, they may even force the sector to reconsider its complete no-go stance on offshoring.

To use a cliché, 2010 does really appear to be a game of two halves; of optimism and pessimism, cost cutting and innovation. Either way, all those working in outsourcing need all the information and guidance at hand to make those decisions with the greatest chance of success in 2010.



WE RECOMMEND



Light at the end of the tunnel

How outsourcing has been forced to evolve following the global financial crisis

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"There are a lot of good deals out there for companies due to the recession."

Advice from the experts p. 10

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2. How outsourcing to technical specialists could dramatically help your business.

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PROMOTIONAL FEATURE

IBA GROUP

Outsourcing vs. Uncertainty



Sergei Levteev
President of
IBA Group

"Seeking to regain momentum in the downturn? Outsourcing can help", says Sergei Levteev, president of IBA Group, a Prague-based IT service provider with clients in more than 30 countries.

Forced to reduce spending, putting IT projects on hold... These are the complaints that many senior executives express in the today's tough times. It is not surprising because the IT industry is highly responsive to global changes and IT budgets are among the first to undergo cuts in crisis situations.

Many organisations find themselves looking for the ways to regain stability and resume growth. Outsourcing can

offer an alternative to cutting services, suspending projects and raising fees.

An experienced provider of IT outsourcing services, IBA Group boasts numerous successful projects and clients in more than 30 countries. IBA Group employs 2,300 professionals and has offices in the Czech Republic, Belarus, the United States, Germany, Russia, Cyprus and Bulgaria.

The company offers a comprehensive suite of services with focus on mainframe software, SAP solutions, business intelligence, distributed systems and new technologies (Java, .Net, SOA).

The current economic downturn fuelled the interest to outsourcing to lower-cost areas. Eastern Europe offers European culture, geographic proximity and engineering talent complemented by competitive prices. IT providers in Eastern Europe like IBA Group are recognised for being reliable partners with skilled resources and low employee turnover.

IBA Group lays special emphasis on long-term relations with its clients, which instils trust and fosters better understanding of client business needs.

Come to us and we will help your business adapt to tough economic challenges.