

Public sector snubs offshore outsourcing according to PMP Research study

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PRESS RELEASE

Public sector snubs offshore outsourcing

PMP Research highlights split in views between public and private sector companies over offshore IT outsourcing

While offshore outsourcing - where facilities and services are located overseas - has attracted a lot of attention recently, the latest survey on the outsourcing market from PMP Research suggests that this option appeals primarily to commercial companies.

Almost a third (30%) of the private sector organisations polled currently make some use of offshore facilities. In comparison, not a single public sector respondent recorded any use of such services.

This is despite the fact that the public sector's use of other outsourcing options mirrors or exceeds the rates of use found in the private sector.

The most common outsourcing choice for both sectors is managed services (60%), followed by traditional outsourcing - selected by 60% of public sector organisations and 50% of private sector concerns.

Overall, enthusiasm for offshore outsourcing is muted, with 45% of the sample describing this choice as 'not very important' to their future plans and just 11% indicating offshore services will play an increasingly important role in their organisation.

The survey suggests spending on outsourcing service of all kinds is set to rise, with a third of all respondents (36%) reporting an increase in the investment in this area in recent times and 38% indicating their spending has remained constant.

The most common applications to be outsourced are website and e-business activities, cited by 54%, with a further 31% planning to outsource these in future. Network infrastructure (53%), desktop systems (47%), IT helpdesk (47%) and service infrastructure (46%) are also likely candidates.

Decisions about outsourcing are taken by the IT director in two-thirds (64%) of cases, with the finance director (44%) and board of directors (43%) also getting involved. The desire to reduce operational costs, along with the requirement to improve service levels, are revealed as the key reasons to look for a deal.

Outsourcing contracts are usually for a period of between two and five years, according to 47% of the sample, with the vendor's financial stability and willingness to work in partnership emerging as the

top two influences on buying.

Difficulties in managing the relationship with the outsourcing supplier emerge as the main barrier to a successful outsourcing deal, according to 71% of those polled.

For this survey, part of an ongoing programme of research into outsourcing issues, PMP Research polled a broad cross-section of companies in both the private and public sector, of which 11% had turnovers greater than £10 billion and one in four (21%) employed more than 20,000 staff.

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Note for editors:

About PMP Research

PMP Research, founded in 1990, is the leading European independent analyst firm and part of PMP Group Services. The firm provides bespoke research, analysis and consultancy on a UK, European or global basis, typically within the IT, telecoms and professional services markets.

Clients include Accenture, KPMG, AT&T, Cisco, Oracle and SAP.

PMP Research being part of the PMP Group, has access to a database of over 68,000 individuals. This unique facility reduces cost and timescales for any project undertaken.

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