



Key Report

2014

Key Findings from the State of the Industry Survey 2014

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For the past several years, **the International Association of Outsourcing Professionals® (IAOP®)**,

in collaboration with **Accenture**,

has surveyed its members to monitor the evolution of outsourcing and identify developments.

The datasets we now have, including longitudinal data over

several years, are enabling us to track key trends as

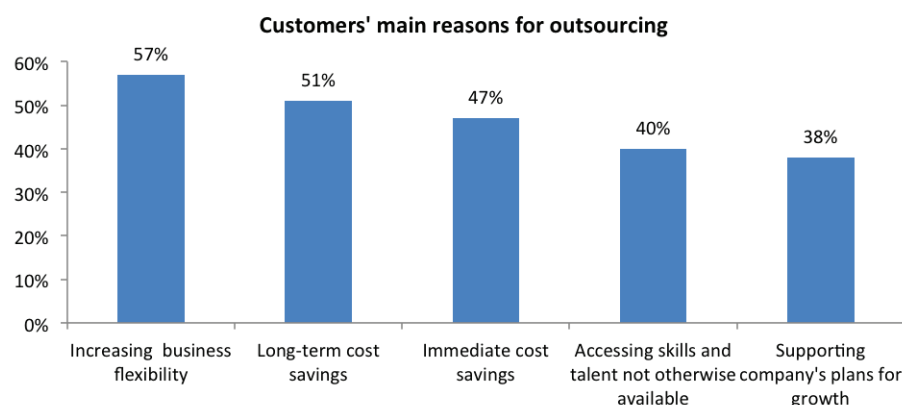
outsourcing continues along a clear growth path.

1 Increasing business flexibility is the number one reason customers cite for outsourcing

Exhibit 1 – Customers' main reasons for outsourcing over the past 12 months

(multiple responses allowed)

Top five reasons for outsourcing are consistent from last year's survey, and increasing business flexibility is now the most often cited reason for outsourcing. Immediate cost savings is still important and cited by 47 percent of customer respondents, down from 51 percent last year.



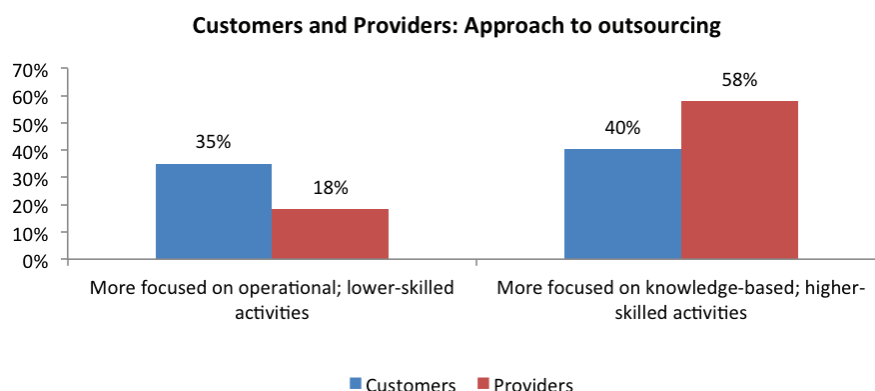
Providers agree with these reasons, and 58 percent of providers stated that their customers have become more focused on increasing their business flexibility.

2 More focus on higher-skilled activities than lower-skilled activities

Exhibit 2 – Customers and Providers: Approach to outsourcing activities over past 12 months

(multiple responses allowed)

58 percent of providers have observed that their customers' approach to outsourcing includes more focus on higher-skilled activities over the last 12 months (up from 52 percent last year), which could indicate that customers are preparing for future demand in higher-skilled activities. Customers report 40 percent are focused on higher-skilled activities (down from 47 percent last year), but still higher than a focus on lower-skilled activities (35 percent).

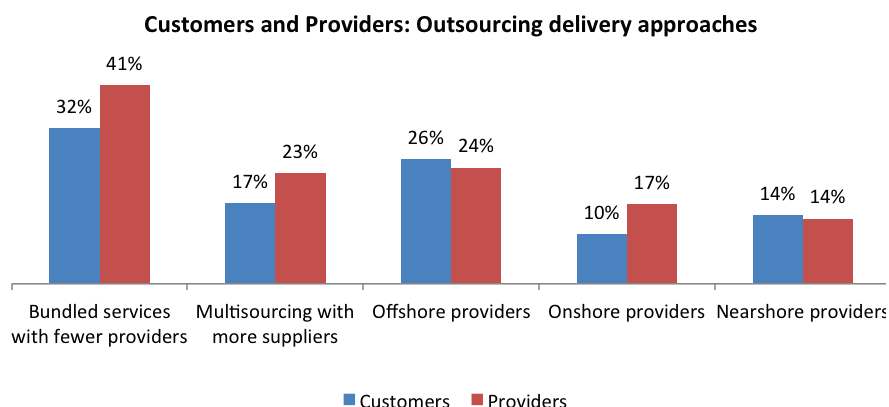


3 Bundling approach continues to slow

Exhibit 3 – Customers and Providers: Delivery approaches over past 12 months

(multiple responses allowed)

Customers indicate the trend toward bundled outsourcing—with a single provider in charge of multiple functions—is still the preferred sourcing approach but continues to slow (32 percent, down from 38 percent last year). Amongst providers, 41 percent indicate their customers are utilizing bundling (down from 43 percent last year). Providers indicate that multisourcing with more suppliers is increasing (23 percent, up from 17 percent last year).

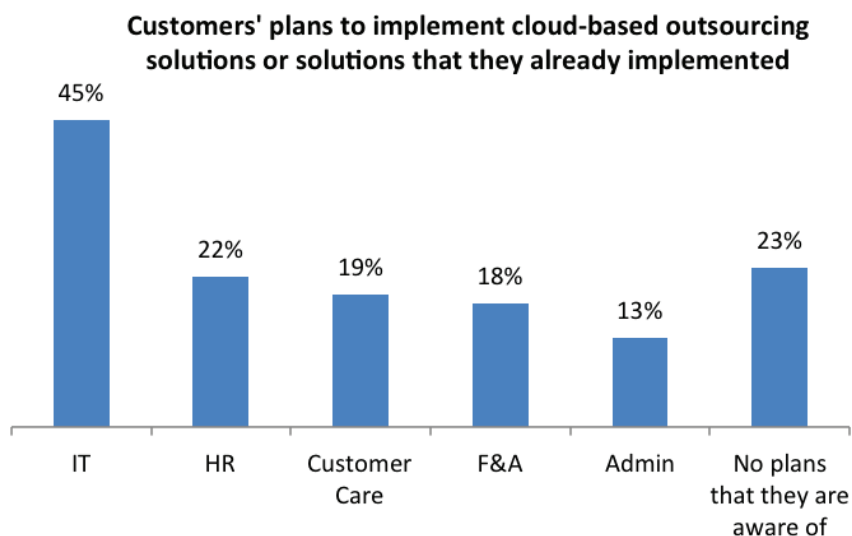


4 Customers: IT and HR top the list for plans for implementing cloud-based outsourcing solutions

Exhibit 4 – Top Cloud-based outsourcing solutions that customers plan to or already have implemented

(multiple responses allowed)

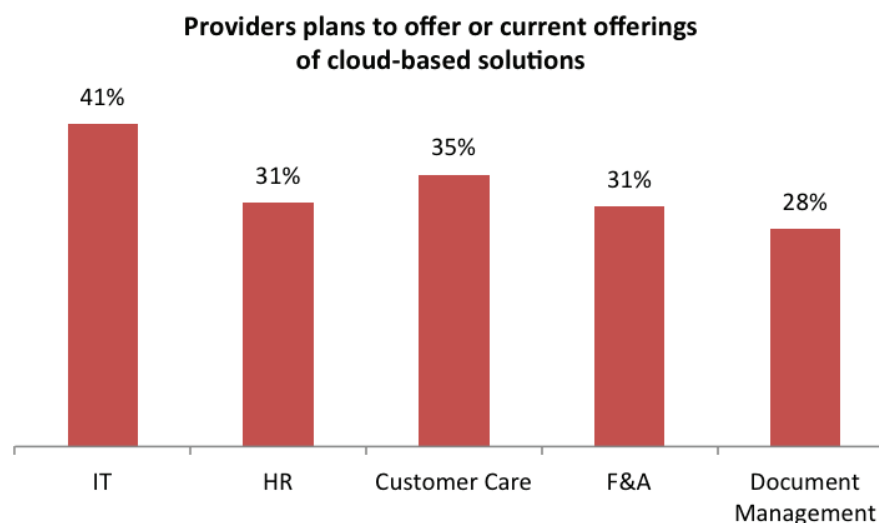
Only 23 percent had no awareness of cloud-based outsourcing plans, down from 34 percent last year.



5 Providers: Customer Care and IT top the list for offering cloud-based solutions

Exhibit 5 – Top Cloud-based outsourcing solutions that providers plan to or already have offered

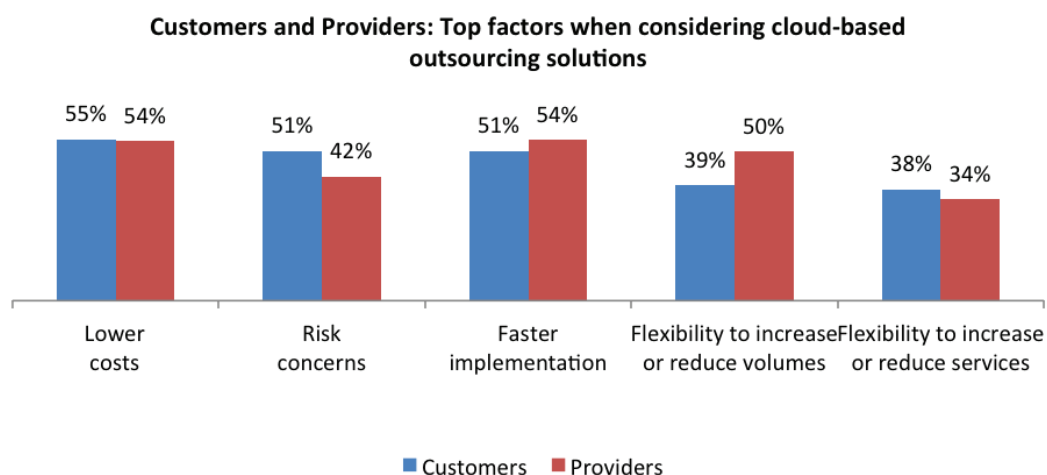
(multiple responses allowed)



6 Risk and lowering costs are the biggest factors when considering cloud-based outsourcing solutions

Exhibit 6 – Top factors when considering cloud-based outsourcing solutions

(multiple responses allowed)

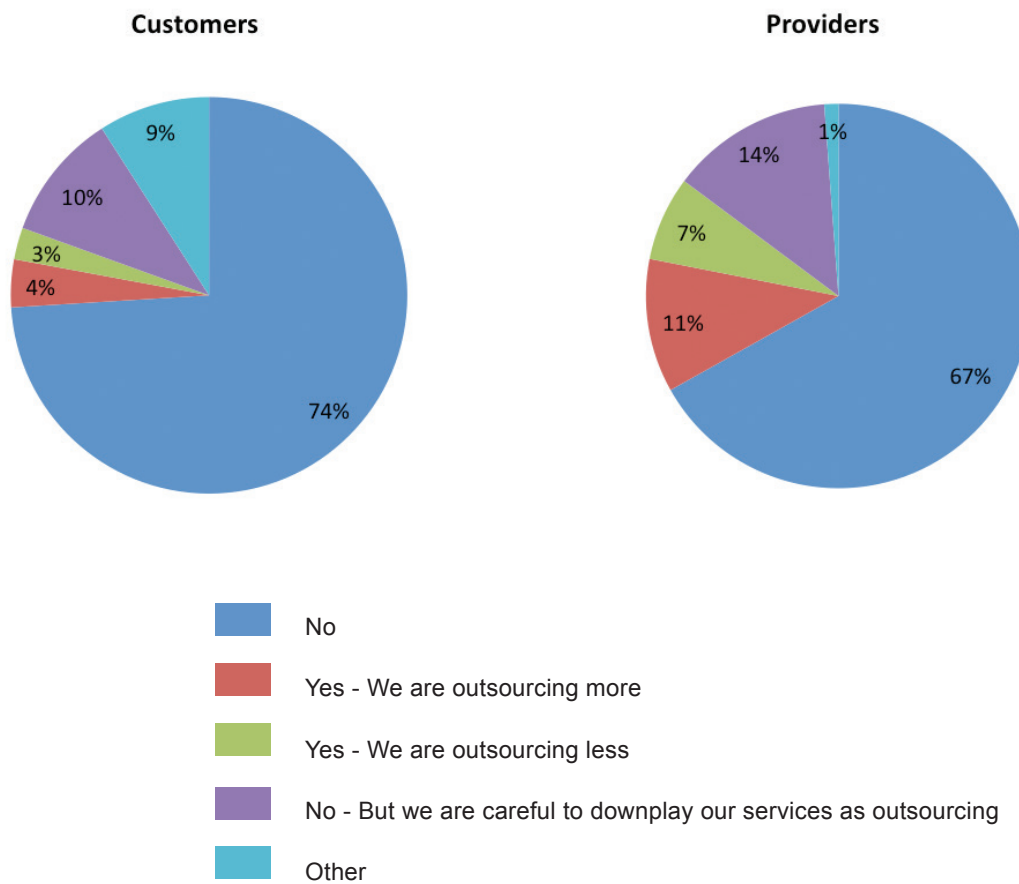


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The political climate is not having widespread effects on customers' plans to outsource

Exhibit 7 – Customers and Providers:

Over the last 12 months, has the political climate and enacted or proposed anti-outsourcing legislation affected your organization's outsourcing decisions (customers) or affected your outsourcing business (providers)?



About the research

The data used for this report is based on surveys of IAOP's more than 120,000 members and affiliates (including providers, advisors and academics) worldwide in 2013 and 2014. Approximately 320 surveys were collected for the State of the Industry 2014 Survey.

The primary industries represented by the customer data are primarily financial services, technology and telecommunications. Customer respondents were from most areas of the world, with the majority coming from North America and Western Europe. More than half work for companies with annual revenues greater than \$5 billion.

The providers surveyed came primarily from North America, Asia Pacific and Europe and some from Latin America. About one-fourth of providers have annual revenues above \$1 billion. About 60 percent have annual revenues under \$100 million.

About IAOP



The International Association of Outsourcing Professionals® (IAOP®) is the global, standard-setting association and advocate for the outsourcing professional and the organizations they support. With more than 120,000 members and affiliates worldwide, IAOP helps companies increase their outsourcing success rate, improve their outsourcing ROI, and expand the opportunities for outsourcing across their businesses. Visit www.IAOP.org.

About Accenture



Accenture is a global management consulting, technology services and outsourcing company, with more than 293,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US\$28.6 billion for the fiscal year ended Aug. 31, 2013. Its home page is www.accenture.com.



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