

Outsourcing confidence grows as we head into recession

-40 percent of suppliers confident of growth in revenue and pipeline for outsourcing market in 2009-

40 percent of outsourcing suppliers are more confident in the market place than they were in 2008 according to the first of the National Outsourcing Association's (NOA) quarterly Outsourcing Confidence Index. The research also showed an overall growth of **eight percent** for the UK outsourcing market in 2008.

According to the research, which included interviews with over 50 outsourcing professionals, the IT Outsourcing market experienced the strongest level of growth in 2008 increasing by **12 percent**, whilst the Business Process Outsourcing market grew by only **six percent**.

The research also looked at the factors influencing outsourcing revenue. Expanding the scope of activity with existing clients was the strongest factor impacting outsourcing service providers with **40 percent** believing that this has a high impact on revenue and the remaining **60 percent** saying it is having a moderate impact.

Clients bringing work back in-house had a low impact on revenue according to **90 percent** of the respondents and the remaining **10 percent** believed it only had a moderate impact.

The research also looked at the changing nature of contracts with **18 percent** of outsourcing contracts decreasing in length over the last 12 months. Over the same period **20 percent** of respondents have seen the value of outsourcing contracts increase, while **70 percent** say they have stayed the same and only **10 percent** claim they have fallen

Martyn Hart, Chairman of the NOA, commented: "Outsourcing has traditionally been seen as a cost saving mechanism for business, so in times of economic turbulence it is not surprising that the industry is continuing to grow. However, with the increased pressure on companies to cut costs many are pushing through higher volume low cost contracts, over shorter time frames, which more often than not sets the outsourcing contract up to fail.

"Today, it is more important than ever that contracts work for both parties and by following best practice from the outset both the supplier and the outsourcer will be able to form a mutually beneficial partnership which is paramount to outsourcing success".

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