

Nordic IT Outsourcing 2010

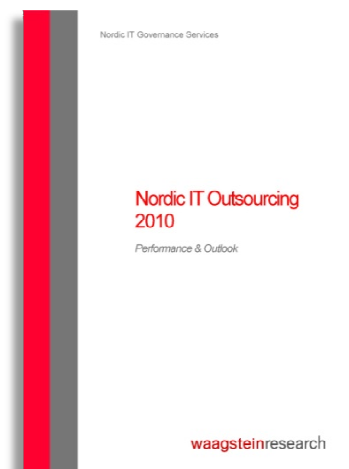
Performance & Outlook



Nordic IT Outsourcing 2010 - Performance & Outlook maps out large Nordic companies' outsourcing plans, priorities and success. This entails looking at such areas as how the spending on outsourcing in relation to total IT spending is expected to change in 2010, what the most important outsourcing goals currently are and how well these goals have been reached in the past.

The report is designed to:

- Show the companies' **outsourcing plans**.
- Give an overview of how common **outsourcing is in the Nordics**.
- Provide information on the **current spending on outsourcing** and how this is expected to change.
- Present information on Nordic companies' **reasons for engaging in outsourcing** and reasons not to.
- Examine how Nordic companies **rank different types of outsourcing objectives** and how successful they have been in reaching them.
- Give information on the **expectations of changes in outsourcing prices** among the companies.
- Examine the **reasons for high outsourcing costs**.
- Report on Nordic companies' current **use of offshore outsourcing** and plans for the future.
- Present information on the companies' **motives for engaging in offshore outsourcing** and their reasons not to.
- Show the **success rate of offshore outsourcing** among Nordic companies.



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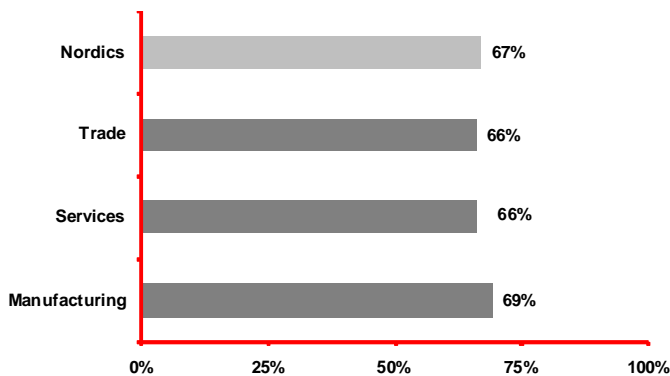
Mapping out large Nordic companies' IT outsourcing performance and outlook

As the insecurity in the economic outlook continues, IT units in Nordic companies are facing two sets of pressure that are inherently in conflict with each other; on the one hand they are asked to reduce or keep a lid on new IT investments and on the other hand they are expected to help making the company more lean and run more efficiently with the help of new IT solutions. It is thus not surprising that there is a renewed interest to discuss the merits of outsourcing in the media and in the companies as a way to reconcile this dilemma. It is therefore interesting to look into the effect of this interest and discussions on the companies' current actual use of outsourcing and their immediate plans.

Outsourcing in the Nordics

In order to compare the outsourcing option fairly with the option of keeping the IT functions in-house, the total cost of both options should be calculated. The cost of maintaining the management of IT functions in-house, for example, includes not only the costs covered in the IT budget but also the IT costs contained in the budgets of other entities, such as for staff working part time to act as IT coordinators. Meanwhile, the total cost of outsourcing does not only include what the outsourcing provider would invoice the company but also other costs. The most notable of these are the transaction costs discussed above. The total costs for outsourcing also include one-time costs such as the dismissal of staff and decommissioning of technical equipment. There may also be lingering costs associated with the previous IT operations. These are costs that remain for a shorter or longer period after the operation has been outsourced. Examples are lease agreements that cannot be terminated prematurely, premises which are hard to find new uses for and personnel that must be retrained for new jobs. A company that has evaluated the outsourcing option and has decided to go ahead with the outsourcing project must plan carefully to minimise the risks and disadvantages that exist.

Share of companies that outsource 2009:

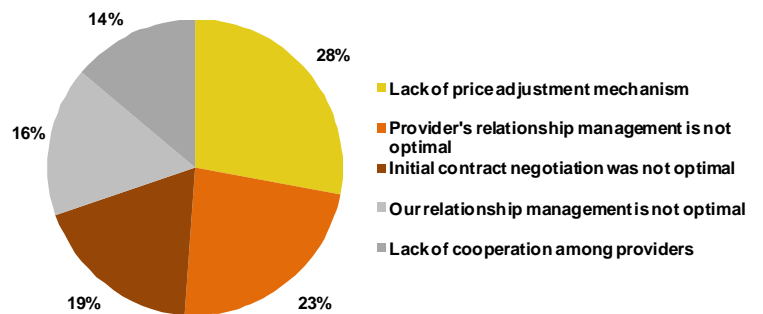


Common reasons for high outsourcing costs

There are a number of reasons why the costs for outsourcing are a higher than desired. Some of the most important ones include:

- Initial outsourcing contract negotiation was not optimal.
- Lack of price adjustment mechanism in outsourcing contract.
- The outsourcing provider's or the client's relationship management is not optimal.
- Lack of cooperation between client's different outsourcing providers.

Most important obstacles to reduced outsourcing costs:



Method

The report is based on data collected from a telephone survey of respondents in 65 large (300 or more employees) Nordic companies. The respondents are all leading decision makers with profound knowledge of their respective companies' outsourcing activities. In most of the cases these are IT managers, CIOs or outsourcing managers but in some cases other persons such as CFOs and CEOs were also interviewed. The respondents were selected randomly from a comprehensive database of survey targets. The interviews were made in the second and third quarter of 2009.

The results from the survey is presented and analysed broken down by industry: **Trade, Services and Manufacturing.**

Answering your key questions:

How common is outsourcing among Nordic companies?

In which industry is outsourcing most common?

How is the companies' outsourcing spending expected to change in 2010?

Which outsourcing objective is considered to be the most important?

What outsourcing objective are Nordic companies the least successful with?

What share of Nordic companies expects outsourcing vendors to charge higher prices in 2010?

How much are the average prices of outsourcing services expected to change in 2010?

What are common obstacles to reduced outsourcing costs?

How common is offshore outsourcing among Nordic companies?

What is the main obstacle to offshore outsourcing perceived to be?

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Our customers are large North European companies and organisations and our target audience is decision-makers such as IT managers, IT strategists, financial managers and controllers.

Waagstein Research's industry-specific analysis, competitive insight and strategic advice give businesses the tools they need to optimise their IT operations.

Who should buy this report?

Nordic IT Outsourcing 2010 - Performance & Outlook is written based on mainly the needs and requirements of the IT management of large Nordic companies. The target group of the report is primarily: CIO/IT managers, Outsourcing managers, CFOs, Controllers, IT strategists, Consultants and CEOs. The report will however also be interesting for vendors of IT products and services in order to better understand their customers.

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