



NOA Research Provides Model for the Future of the Outsourcing Industry

Outsourcing delivers more comprehensive value than ever before, but suppliers must listen to their buyers if this successful trend is going to continue.

Contemporary buyers of outsourcing are leaving behind the old school 'your mess for less' attitude and demanding much more from their partners. In reaction to this, the National Outsourcing Association (NOA), partnering with Polaris, surveyed 158 of its members to discover how buyers and sellers bring added-value to their outsourcing relationships.

- **92%** of buy-side professionals agree that outsourcing delivers business value. **81%** believe that outsourcing has made their company more competitive, and over a third (**36%**) primarily use outsourcing to improve their service.
- Suppliers believe things to be going better than their buyers do: suppliers perceive clients to be benefiting **9%** more than the clients themselves believe they are.
- The topic of 'innovation' is not delighting buyers – 'innovation' is running at a success perception deficit of **31%**.
- The future looks positive for outsourcing as the majority of buyers plan to increase the scope of their outsourcing (**59%**).
- By 2017, most new outsourcing contracts could be based around business outcomes:
 - **34%** of buyers are using them frequently
 - **36%** of buyers are planning to use them more

The future looks bright

59 per cent of outsourcing buyers plan to use outsourcing more in the next five years. This suggests that the outsourcing industry will continue to grow, as existing buyers increase the scope of the work they send out.

Suppliers appear to be more enthusiastic about the results being delivered than their clients, but the majority on both sides agree that outsourcing delivers good business value. Buyers need to make sure that they are making the most of the services that their suppliers offer.

Outcome-based contracts will become more popular

Outcome-based contracts, where the success of an outsourcing relationship is based on the ultimate business outcomes, are on the rise in the industry.

This could be down to the fact that buyers are not as confident as they should be that they can assess how well their suppliers are performing, which is surprising in this age of data analytics. On both sides, there is a clear need for better performance tracking.

Relationships and skills before innovation

Initiatives like 'innovation labs' are not as well received by buyers as the suppliers would hope. Suppliers need to reinvent these activities in a way that makes their value clear; they must also always put people and relationship skills first.

Buyers and suppliers should work together to foster innovation at appropriate levels, in order to generate a competitive advantage in their business. Above all, they need to get the basics right – building relationships and developing quality governances, which are both cornerstones of creating added-value in an outsourcing relationship.

The full report, 'NOA Research - Value Beyond Cost', can be found on the [NOA website](#) or on page 18 of [The Outsourcing Yearbook 2015](#).

The Outsourcing Yearbook is the NOA's annual compendium of outsourcing knowledge and insight. Access your free online copy [here](#).

Note to editors:

About the NOA

The National Outsourcing Association (NOA) is the leading association serving both the outsourcing professional and the global outsourcing industry. Our vision is to grow the size and positive reputation of the outsourcing industry. Our mission is to be both the home and global ambassador of world class outsourcing. www.noa.co.uk

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