

Study Predicts Further Growth of IT Outsourcing in the United Kingdom

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A [new study of IT outsourcing customers and contracts in the UK](#) projects that demand for IT outsourcing services in the UK will grow, and shows that some service providers meet customer expectations more consistently than others. The study—conducted by Whitelane Research in collaboration with PA Consulting Group and published on June 11—surveyed top sourcing executives from 260 of the UK’s biggest consumers of IT services that hold more than 800 contracts with a collective value of more than £15 billion.

Among other questions, respondents were asked to describe their company’s future IT outsourcing plans and to rate their satisfaction with their service providers.

Key findings from the study include:

- 69% of survey respondents reported that their companies will maintain or increase the IT services they receive from service providers, and 40% of respondents said that they intend to outsource more.
- 15% of respondents said that they will outsource less. According to the study’s authors, anecdotal evidence suggests that companies are selectively in-sourcing certain services, particularly customer interaction functions.
- More than half of respondents are using (or intend to use) public cloud vendors such as Amazon, Rackspace, and SAP.
- 86% of respondents report satisfaction with their IT outsourcing service providers.

When asked for the key drivers of their needs for IT outsourcing, 68% of respondents cited a need for their companies to focus on core businesses. However, respondents also expressed the need for better resources or a business transformation more frequently than in past Whitelane Research studies on the UK (Whitelane annually conducts studies on the market for IT outsourcing in 14 European countries). More UK companies are looking to service providers to help drive change in their company’s business model, not just its IT services. Vassilis Serafeimidis, Head of IT Sourcing at PA Consulting Group, describes the heightened demand for business transformation through outsourced IT services as a move by customers toward “digital everything,” such as offering their customers seamless service across multiple channels, including mobile.

The study includes a point-system ranking of IT service providers based on customer satisfaction. According to the authors, some respondents expressed frustration with service provider shortcomings in innovation, proactivity, and ability to drive change—critical competencies in a business transformation. While choosing a service provider should always be a careful decision, companies that intend to rely heavily on outside providers (especially those that seek business transformations through IT outsourcing) should do their due diligence and consider the strengths and weaknesses of various providers. Serafeimidis suggests that price may not be the most important factor, depending upon the particular IT function(s) to be outsourced.

Of the various sectors of the IT outsourcing market studied, telecommunications companies were among the most maligned. However, the authors argue that customers may have “unrealistic expectations” of low prices, customized services, and service levels from providers of commoditized, large-scale IT services.

To request a full copy of the survey, [click here](#).

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