



The Future of Outsourcing & Managed Services 8th February 2008

Summary

Managed Services have been widely used by Irish organisations, enjoying approximately 72% penetration in the Irish market. iReach annual survey of 250 IT Executives see a number of factors affecting the significant growth on Managed Services and Outsourcing spend in 2008. iReach predicts that anticipated slow-down in the Irish economy and the need for businesses to closely manage costs will boost the growth of IT and Business Process Outsourcing throughout 2008 across companies of all sizes.

iReach Analysis

iReach anticipates that Managed Services will exceed €150m in 2008 up 25% over 2007 while Business Process and IT Outsourcing will see exceptional growth of 30% to €450m in 2008. Cost benefits will not be the only key factor in Irish organisations considering outsourcing business processes. The iReach 2008 survey identifies other key drivers, such as better IT support to business and filling an internal skills gap, while looking to drive efficiency across the business systems and business processes. Managed Services in Ireland has been growing by 24% year on year and this success has given IT Managers the confidence to consider outsourcing business oriented tasks, such as print services, postal services, document processing, help desks and call centres.

While traditionally this outsourcing and managed services has been the preserve of IT and Telecoms, iReach now see this trend extending into point and integrated business areas including HR, Finance and Customer Service.

While the outsourcing market will grow strongly in 2008, iReach predicts that stakeholders will begin to opt for a multiple provider strategy – with the aim to diversify risk, to bring best expertise and to achieve substantial cost savings. iReach anticipates that this strategy will put more complexity into managing multiple providers; and if not done successfully it may escalate the costs. The concern over security will continue to grow; the industry will see increased demand for Managed Service Providers and Outsourcers with solid security frameworks and policies - with an understanding of both the process and industry behind this.

Key Takeaways

- **Managed Services spend will top €150 million in 2008, while outsourcing will grow 30% on 2007 with €450 million spend.**
- **Managed Services to grow 24% year on year. Outsourcing to grow 30%.**
- **Multiple provider strategies will become more popular to diversify risk.**
- **Security concerns in industry will create demands on Managed Services providers.**

Summary

2008 will be a watershed year for Managed Services and Outsourcing in Ireland. It is the year when the benefits of the two approaches become manifest for industry as cost-savings become more important as a slow-down in the Irish economy becomes more evident.

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