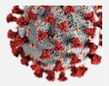
MATURITY

SURVEY

IT SOURCING 2020



+
COVID-19

Impact on the
IT organisation

Management Summary

COVID-19 has significant impact on IT organisations and IT sourcing in Europe. Flexibility is key, and Cloud Computing is becoming increasingly important. In the areas of innovation and strategy, most projects are being postponed.

- Outsourcing customers tend to be quite critical with their providers. And costs are still the most important reason for outsourcing. However, in some cases the business goals were missed by a long way. The fundamental strategy of externalising IT services has not changed, on the contrary: the degree of outsourcing continues to grow.

- Special providers who agree to long-term partnerships are in demand. Offshoring, on the other hand, is coming under pressure, especially from the Cloud. The growth here is immense, from early services such as IaaS and SaaS to new approaches like desktop, database or security as a service. And transparency is becoming increasingly important for sourcing management.

How customers rate their most important IT provider

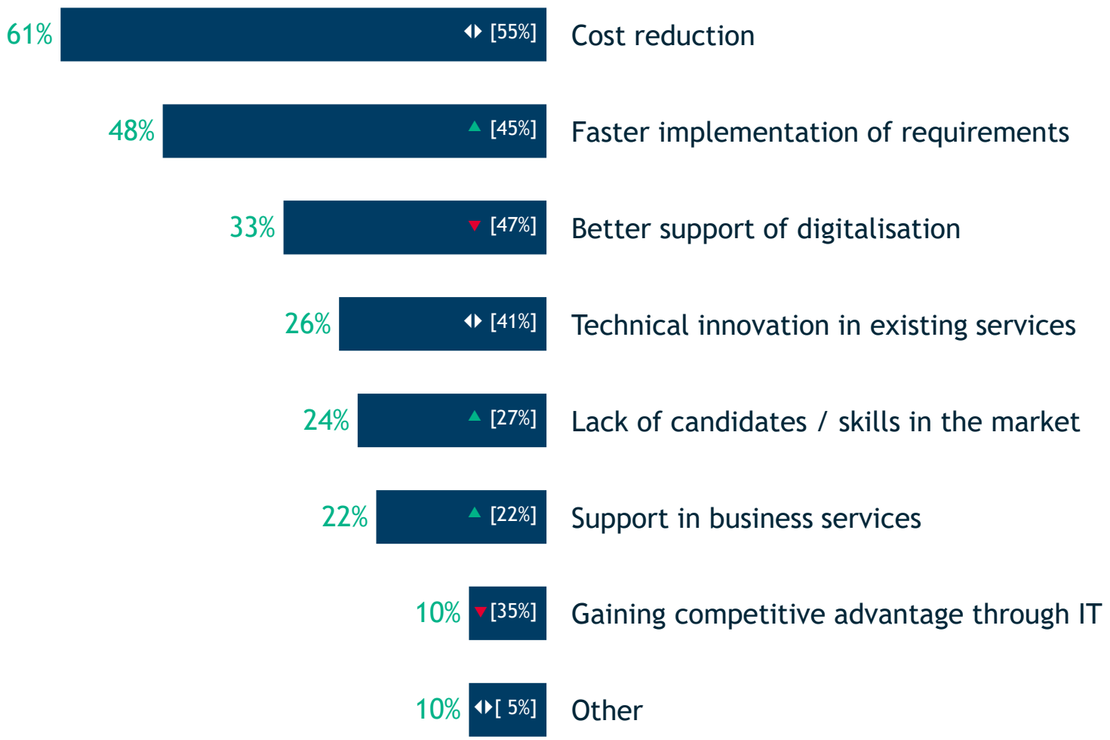
While the average value is good overall, shortcomings are evident in the areas of innovation and cost reduction. Compared to our previous sourcing survey (2017), satisfaction has declined slightly. It was highest in the areas of service quality and security.

Main motives for outsourcing

Classic reasons: Customers are interested in cost reduction and better implementation of requirements. The ranking is largely consistent with the results of our 2017 survey. Exceptions:

- "Support digitalisation" fell from 2nd place (47%) to 3rd place (33%).
- "Competitive advantages through IT" took a dive from 5th place (35%) to rank 7 (10%).

In the open responses to this question, other arguments for outsourcing were listed, including concentration on core IT competencies, flexible staffing due to variable requirements, lack of expertise (and no build-up of internal resources) as well as higher speed while maintaining quality.

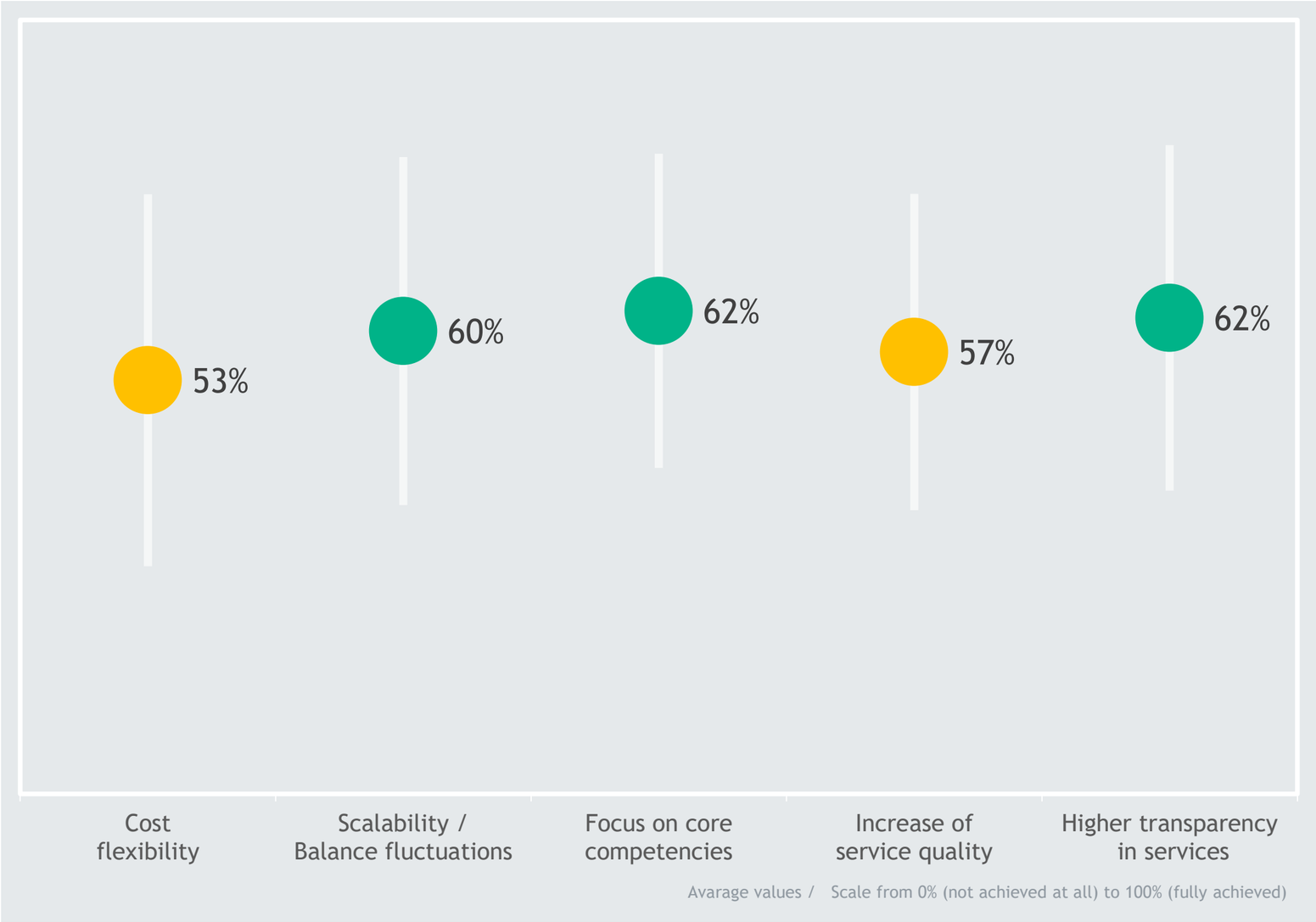


Multiple answers; [ ] values from 2017; ▲▼ change compared to 2017

Outsourcing goals achieved so far...

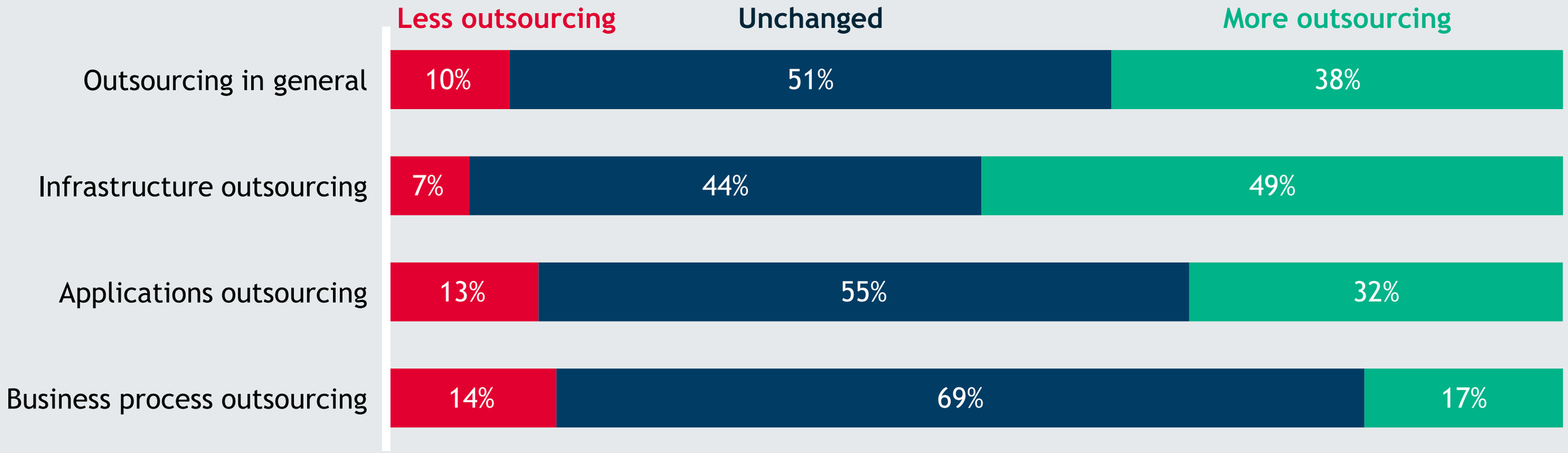
Room for improvement: Cost flexibility was relatively far off target - cost reductions were the most important argument for outsourcing. The quality of service also increased only to a limited extent.

Nevertheless, customers in these areas were largely satisfied with their service provider.



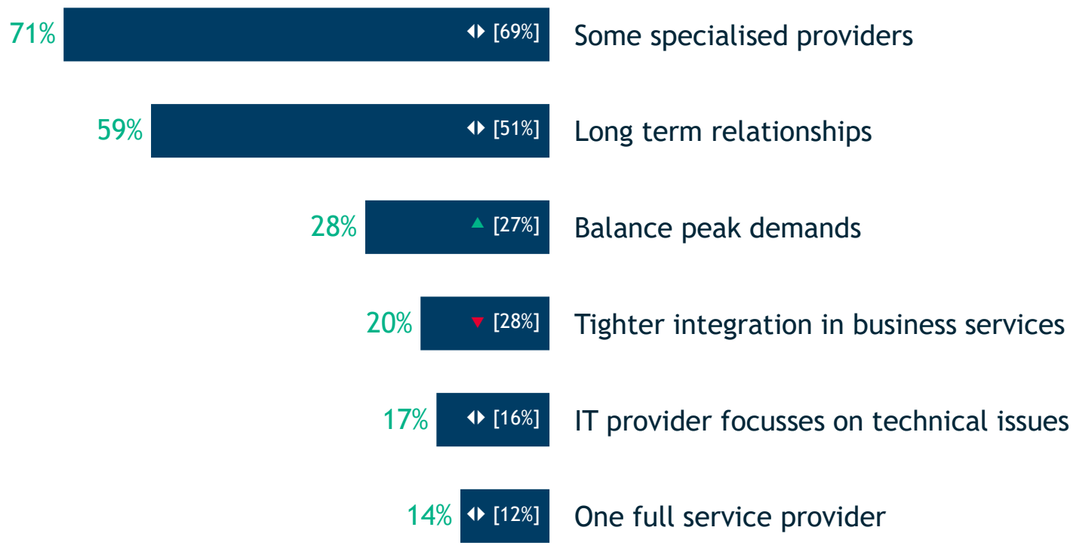
How outsourcing will evolve until 2023

IT infrastructure is increasingly migrating out of the companies, and the trend towards outsourcing also dominates when it comes to applications. A comparison with our 2017 survey shows that peripheral areas (less/more) are growing slightly, while the middle (unchanged) is becoming somewhat thinner.



Collaboration with external partners 2023

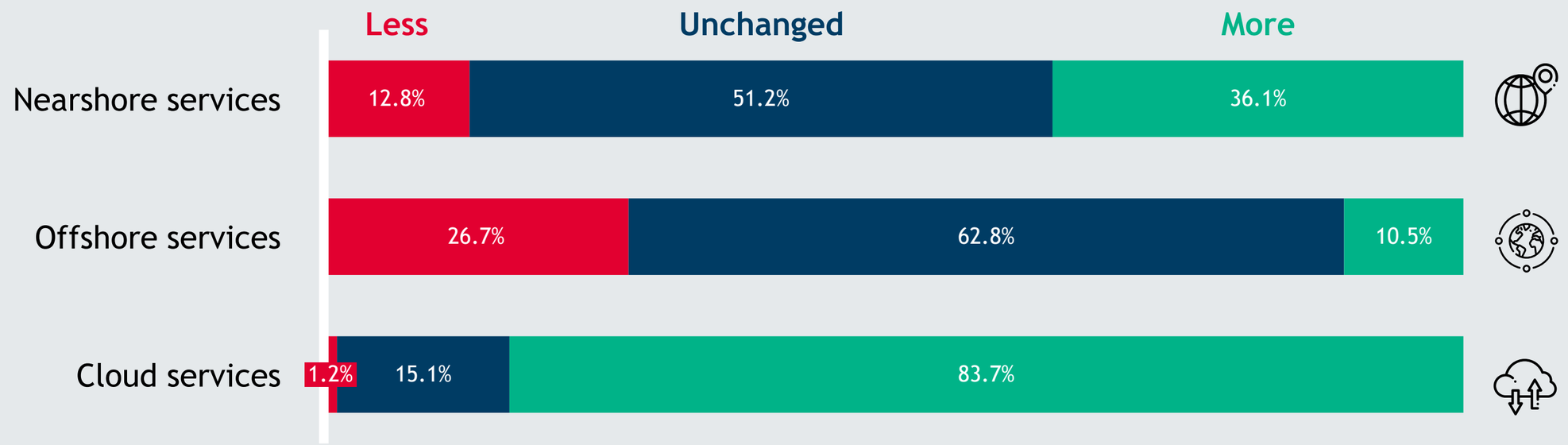
There is a trend towards selective sourcing of specialists, preferably within the framework of a long-term partnership. Business process outsourcing, on the other hand, is experiencing challenges, with a significant decline of eight percentage points compared to 2017. In all other areas, however, the figures have (slightly) increased.



Multiple answers; [ ] values from 2017, ▲▼ change compared to 2017

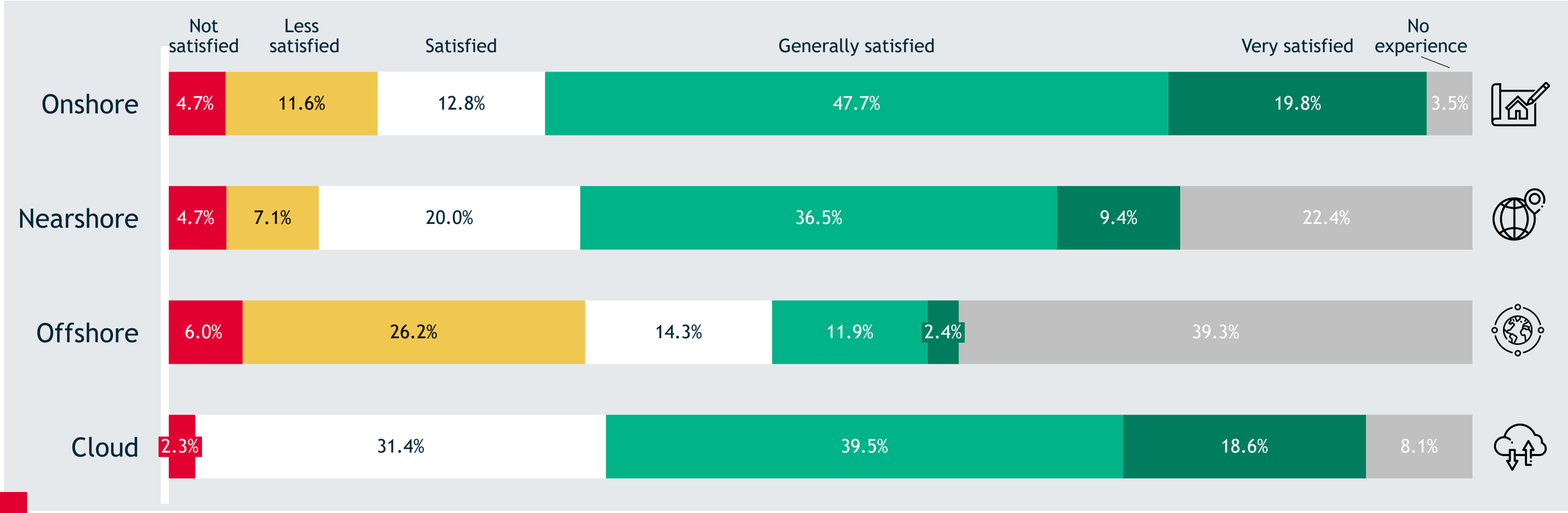
Sourcing strategy in regional comparison

Offshore destinations are coming under pressure in IT sourcing, with COVID-19 likely to be a key driver. In contrast, one can speak of a Cloud boom without exaggeration. Six out of seven companies want to expand the proportion of Cloud services.



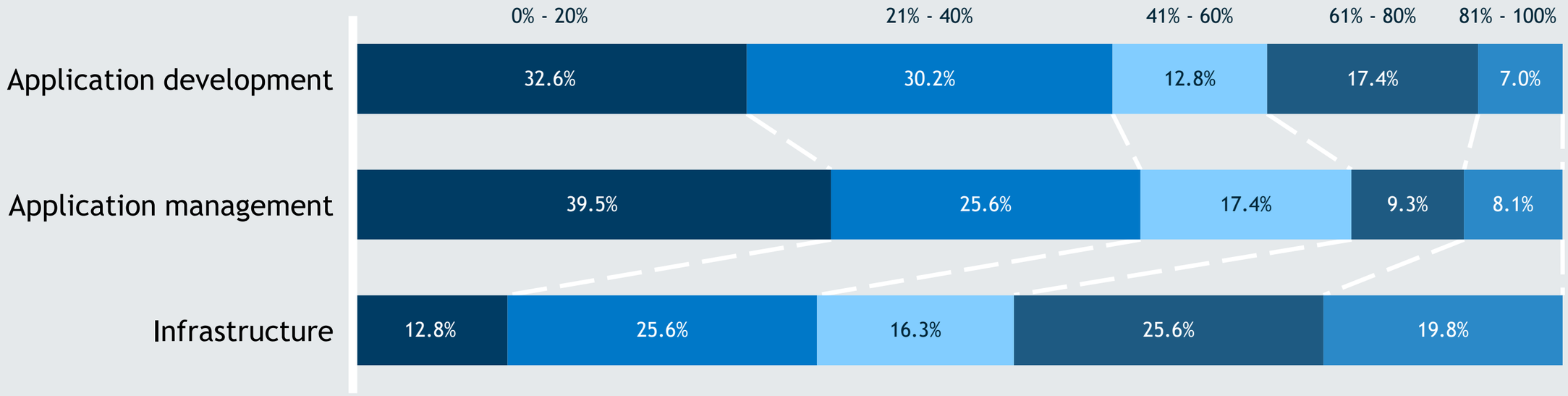
Satisfaction with sourcing regions

The majority of all companies are at least generally satisfied with the Cloud experience. One in three organisations is less satisfied or not satisfied at all with offshore - and a large proportion have no offshore experience. This also indicates the potential growth of the Cloud and the decline of offshore.



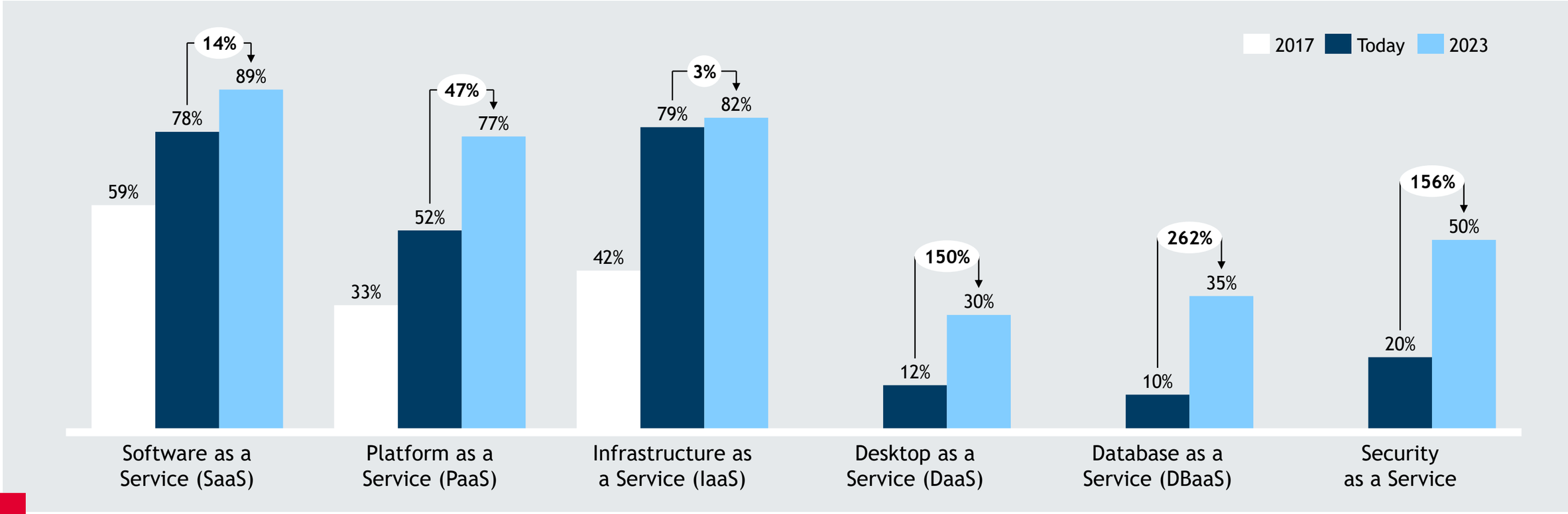
Degree of outsourcing

The degree of outsourcing is highest in IT infrastructure. Application management comes last.



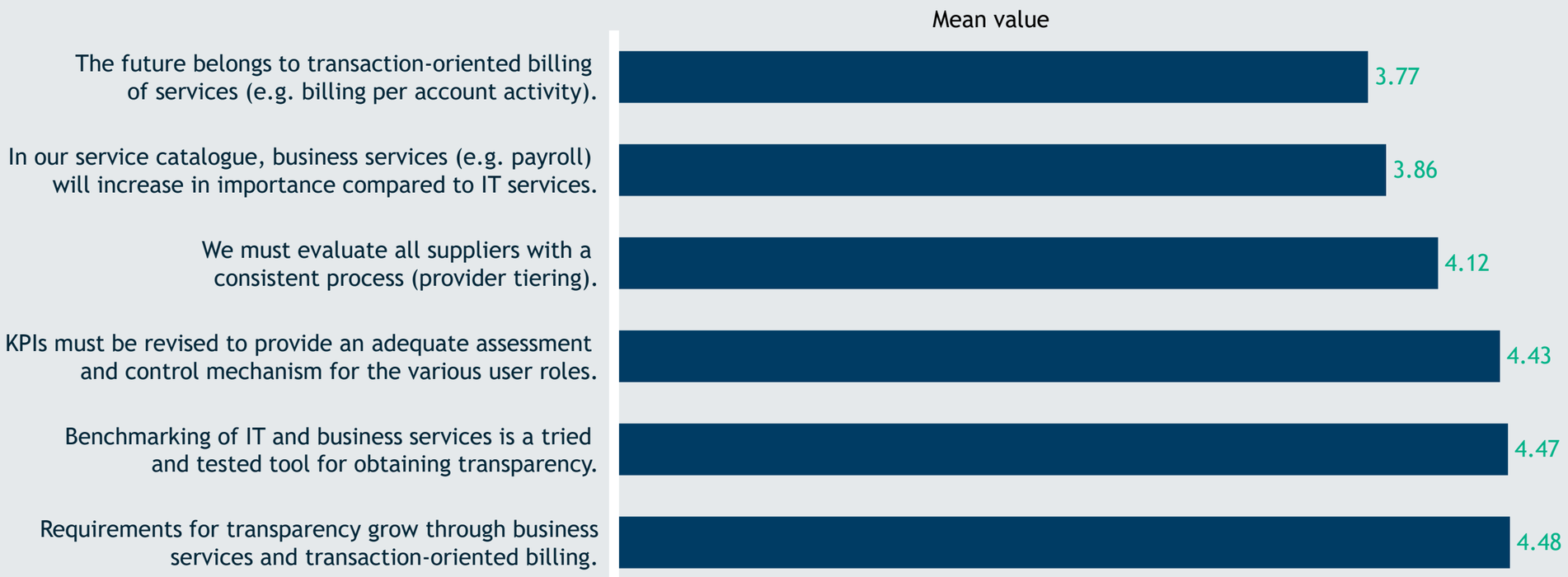
Cloud usage: Growth as a Service

The great success of Cloud Computing continues in its new domains. All segments are expected to grow significantly in the coming years - only the established areas of SaaS and IaaS showing “normal” growth rates.



Expectations on the future of sourcing management

Constant development: Compared to our 2017 survey, the order of approval has remained almost the same. Only market price benchmarking has advanced from third to second place.



1 = strong disagreement, 6 = strong agreement

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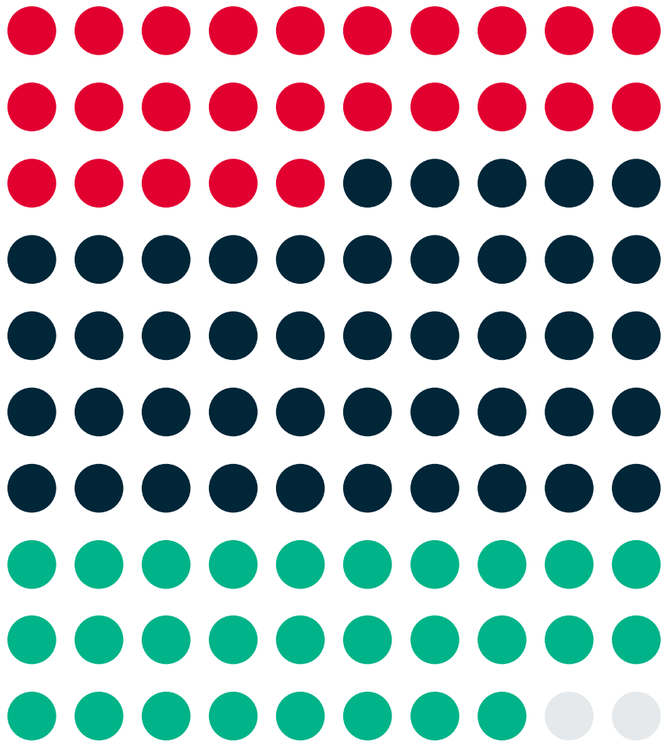
COVID-19 impact on IT organisations

Serious implications: COVID-19 has had a medium to severe impact on more than two-thirds of IT departments.

Companies with more than 5,000 employees as well as many industry sectors like construction, transport, logistics, travel, consumer goods, food and beverages were hit hardest.

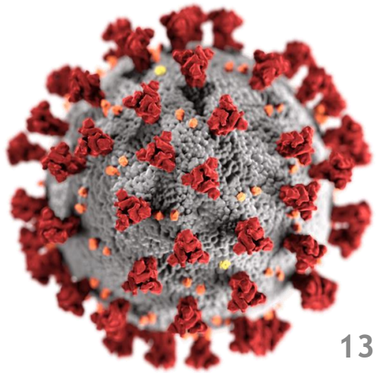


25% strong effects

45% medium effects

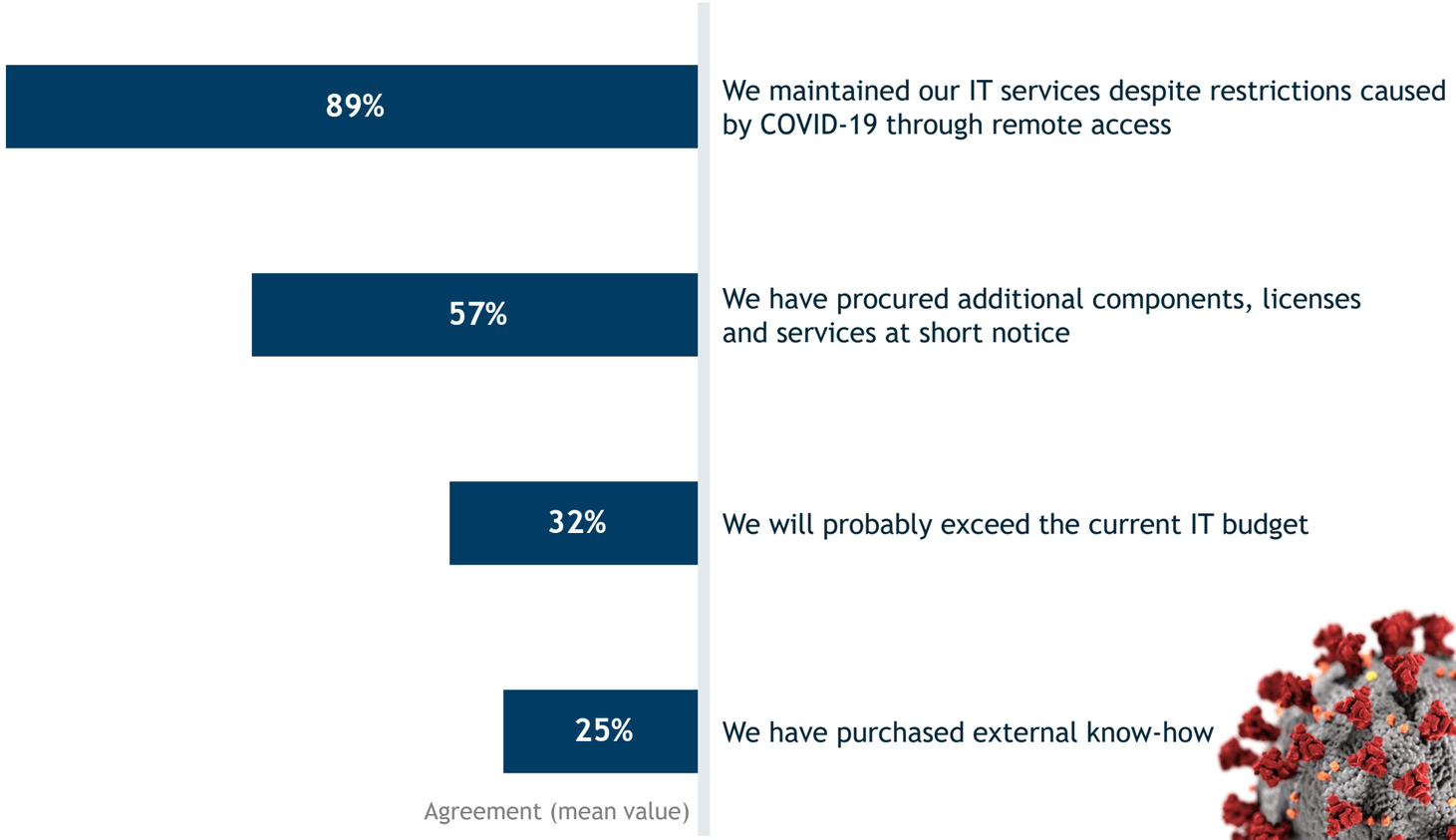
28% light effects

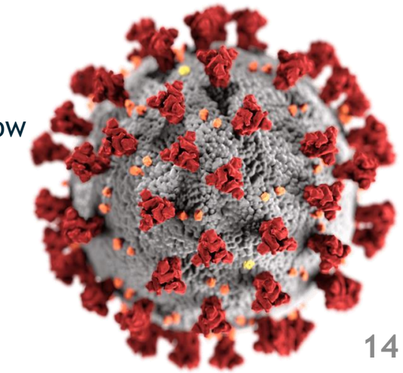
2% not at all



Under control: IT services remain available

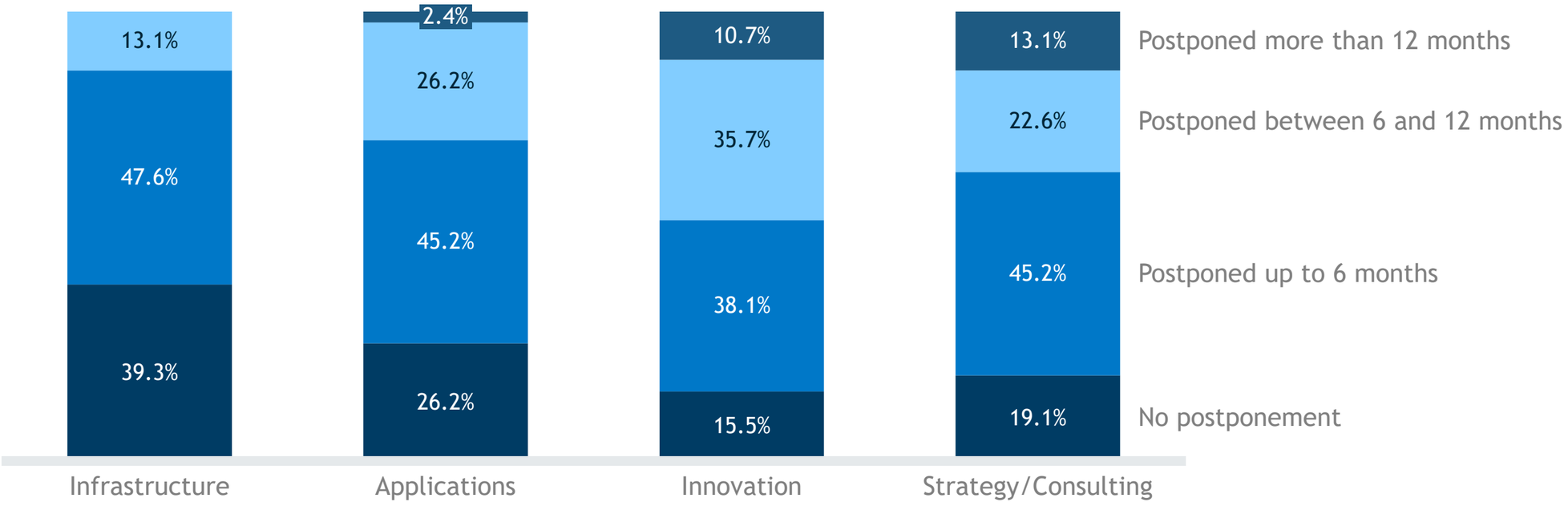
The good news is that IT organisations were able to maintain most of their IT services - despite the restrictions imposed by the COVID-19 pandemic. This required additional procurement of resources such as hardware, software and services. Only every fourth IT organisation needed to purchase additional know-how.

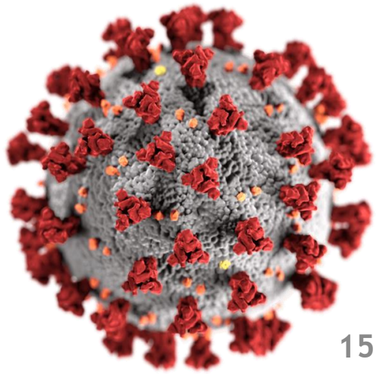




IT projects postponed

Projects in IT infrastructure are proving to be relatively resilient in terms of postponement. In contrast, projects for innovation and strategy/consulting are being postponed significantly more often.



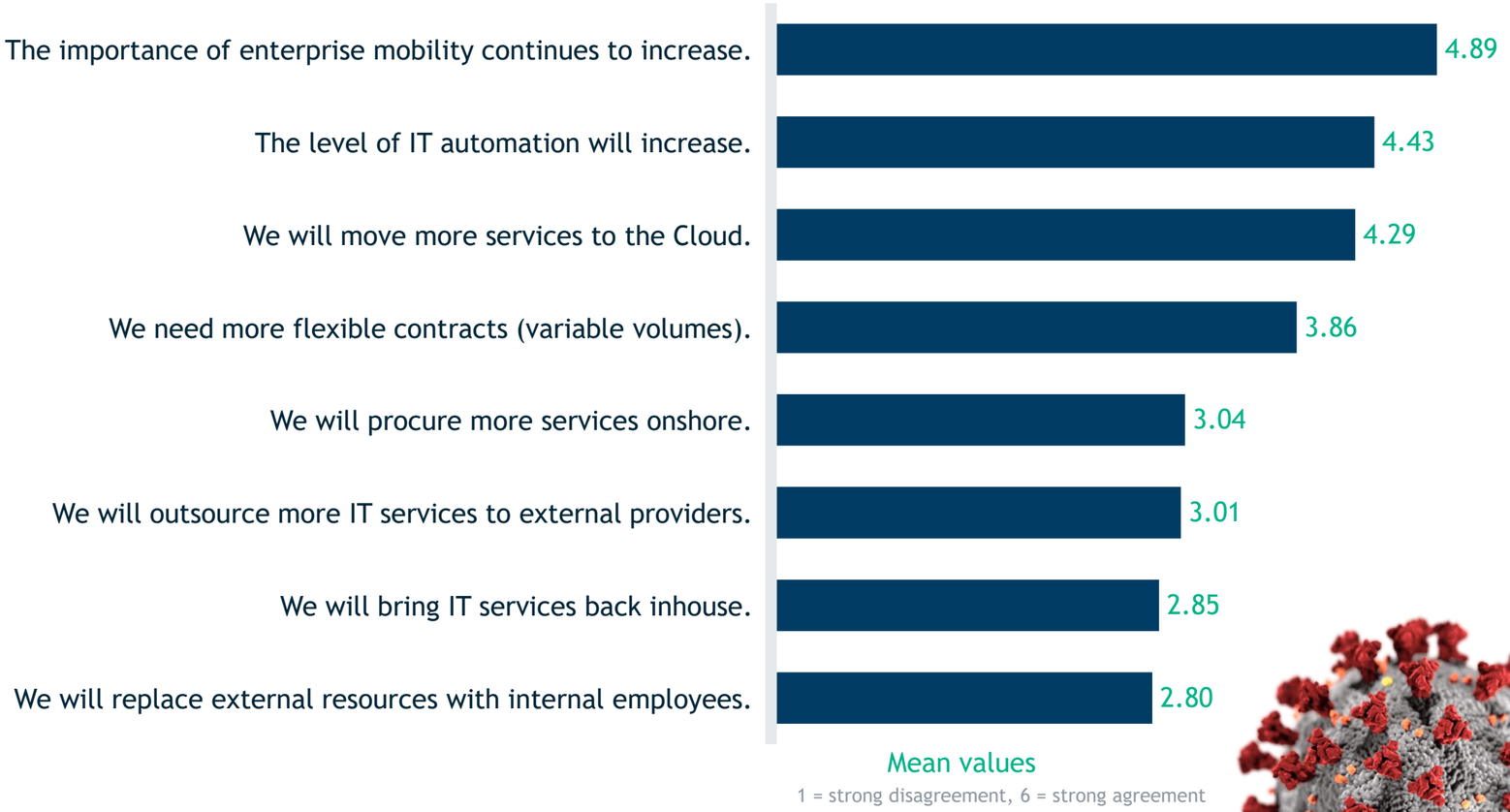


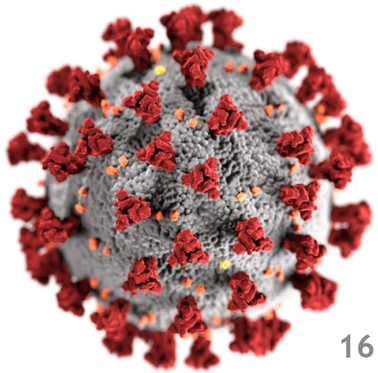
Medium term changes in IT

Many are sceptical about re-insourcing - the mid-term focus is on enterprise mobility and automation.

Insights and comments from the participants of the survey:

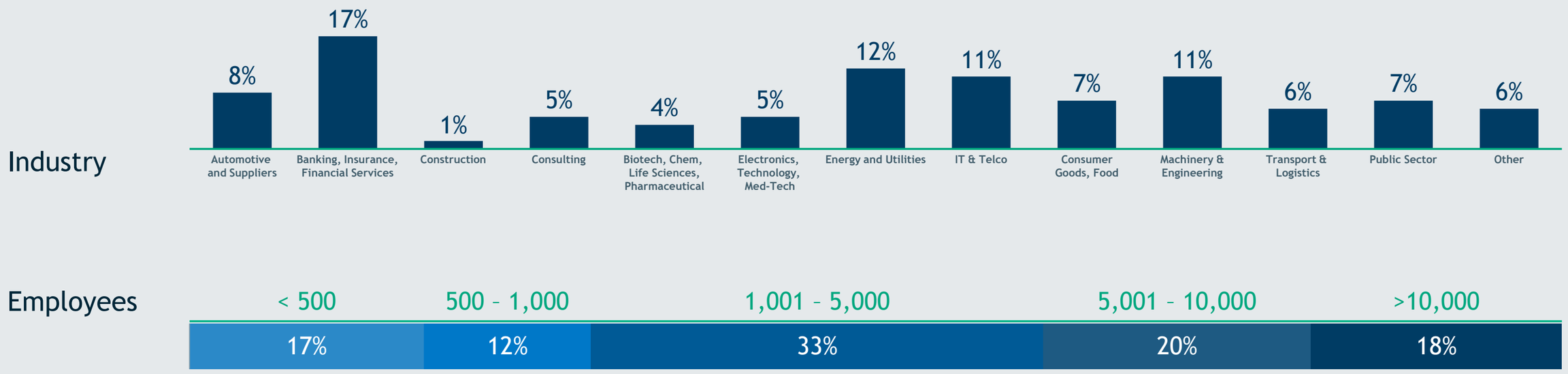
- "These changes were already planned without COVID-19."
- "IT digitalisation efforts are more strongly supported by the business now."
- “Our mobility first strategy to support more flexible working models is being implemented."





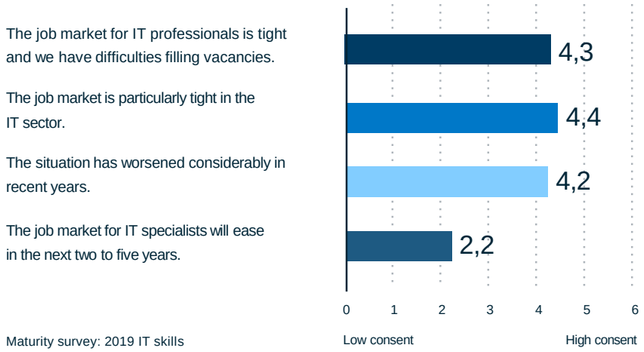
About this survey

The study is based on an online survey by Maturity of European managers in business and IT. A total of 107 participants were registered, for example CIOs, IT board members, buyers as well as heads of IT, of business units or projects. Rounding differences may result in totals other than 100%.



More surveys from Maturity

Theses on the job market for IT experts

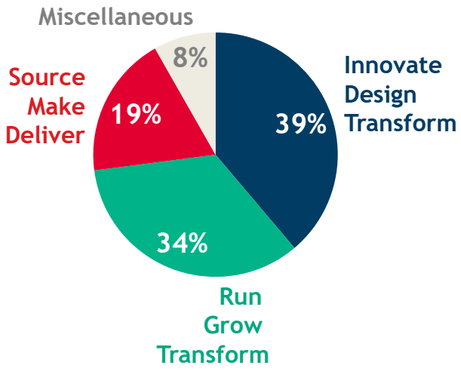


Maturity survey: 2019 IT skills

IT experts

Supply and demand

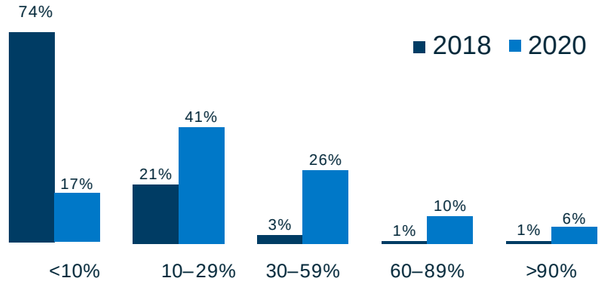
New paradigms in IT



Plan-Build-Run

Which paradigms will emerge?

How many of your applications come from the cloud?



Maturity survey: 2018 Cloud Computing

Cloud Computing

The sky is the limit

FACTSHEET

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Maturity

Maturity was founded in 2001. We're an independent consulting company for IT strategy, sourcing and cost optimisation.

IT Sourcing	Sourcing Strategy	Sourcing Design	IT Procurement	Sourcing Management	Maturity Service Library
IT Excellence	Operational Excellence	IT Management	IT Operating Models	Scenarios	Application TCO
Benchmarking	Prices and Services	Costs and Productivity	IT Experts and Processes	Clients and Users	IT Cost Optimisation

Data on IT usage in enterprises is our core competency. The data comes from leading organisations of all industries in Europe and is collected and validated in projects by Maturity. This enables us and our clients to learn from the decisions of the best.

Our projects are driven by individual challenges to improve the effectiveness, efficiency and flexibility of IT. This involves both internal as well as external IT services in terms of finance, complexity, volumes and quality. We lay the groundwork for our clients and their Data Driven Decisions

>500
Clients

>4,000
Projects

>2 m.
Data Points

>€ 60 bn.
Sourcing Volume

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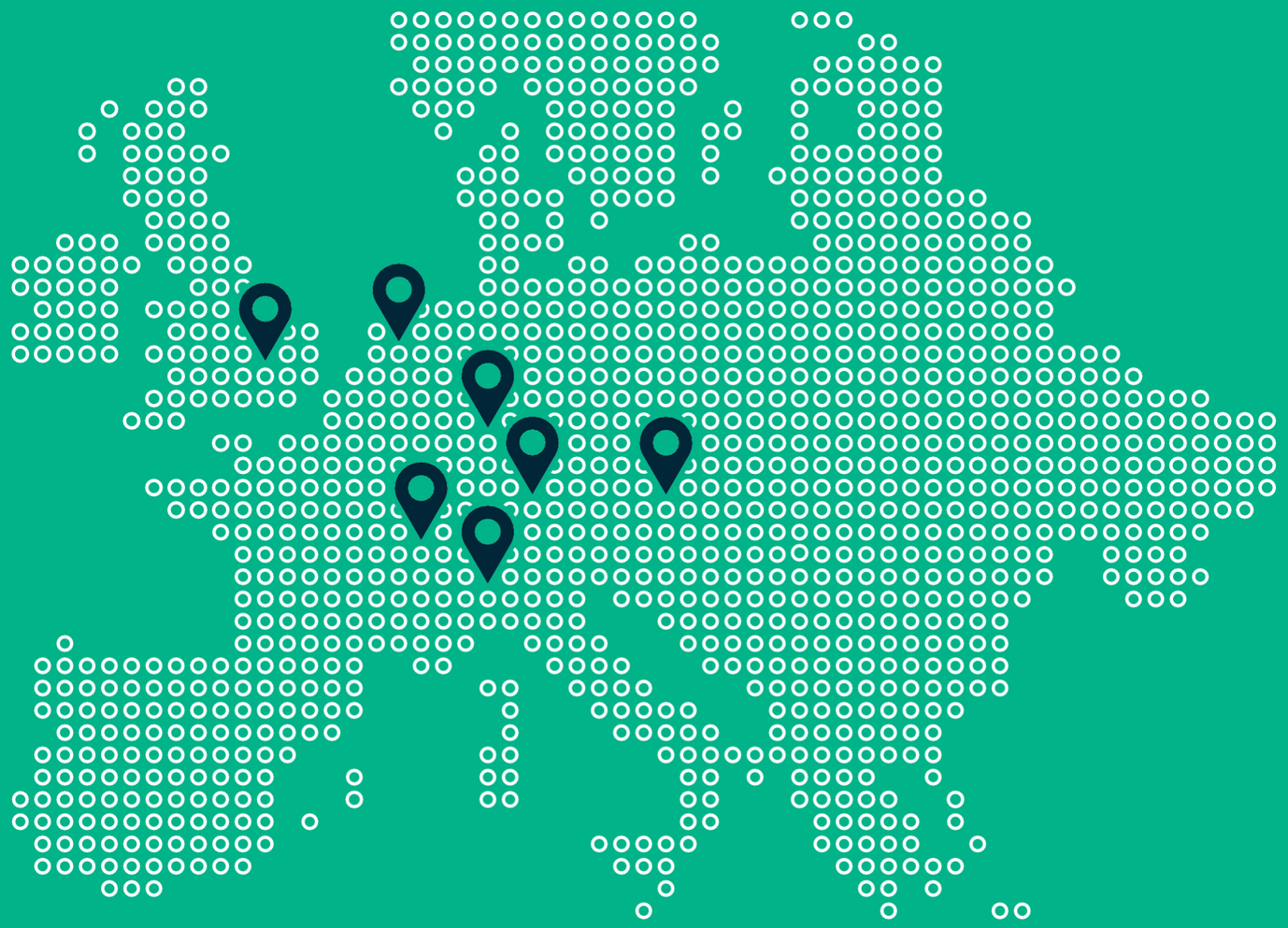

Data Driven Decisions

Discover the full potential of your IT organisation, in terms of structure, finance and expertise. Maturity supports you with in-depth experience and detailed data from IT infrastructure, IT applications and IT sourcing. Together with our customers, we lay the foundation for Data Driven Decisions.

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