VansonBourne

PRODUCTIV**IT**Y

Tech complexity is driving an openness to outsourcing

> ❝
> *Outsourcing will become a natural thing, if something uses a very specific technology then why would you want to buy into getting that resource if you can outsource.*

Head of ICT in the retail sector

Having played the role of first responders when pandemic-related disruption initially hit over two years ago, the IT department has been juggling challenges ever since. Our latest research identifies three prevalent areas impacting their agenda going forward: **workload struggles, technological complexity and skills shortages**. Across this three-part series about people issues in IT, we delve deeper into the impacts these challenges have on the wider organisation.

In this article, we explore how organisations are turning to outsourcing to support them during times of growth, uncertainty, and where the scale and complexity of available technology solutions is becoming increasingly challenging.

With the process of hiring additional staff or developing new tools in-house bringing it's own risks, for many the answer lies in outsourcing certain IT functions that may be lacking in current teams - a third of IT departments intend to increase outsourcing over the next year.
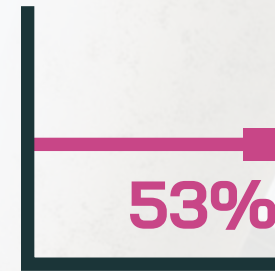
Most organisations are opting to outsource

To support employee productivity and maintain growth momentum, the majority of IT decision makers say that their organisations have outsourcing on the agenda.

86% are planning to outsource in the next 12 months

33%
intend to increase outsourcing

53%
will lock-in outsourcing at current levels

Historically, to outsource typically meant drawing on external human resources from further afield but the sheer scale of technological change and the ever-increasing competitive pressures that organisations face, means that more and more are now turning their outsourcing focus to technological solutions.

In fact, according to a **McKinsey report** this year, "*To date, outsourcing deals that explicitly call for next-generation technologies account for only a small share of the total spend. But that share is growing quickly.*"

vansonbourne.com

The demand for technical skills

> **I suppose it's supply and demand, isn't it? The demand is going up and the supply is not... It would be nice to see more graduates coming out with IT skills.**

Head of ICT in the retail sector

If you couple increased complexity of technology with challenges in the labour market, the expedient solution is to outsource — likely in areas where IT skills are hard to come by. But which are those areas? We asked respondents to score a range of skills out of five.

Top five most in-demand skills in IT departments
(Average score out of 5)

1. **Cybersecurity (3.8)**

2. **Cloud computing (3.7)**

3. **Data analysis (3.2)**

4. **Operating systems (3.1)**

5. **DevOps (3.1)**

The two technical skills most likely to be in demand are cybersecurity (3.8) and cloud computing (3.7). These are also the most likely skills where IT departments find it challenging to recruit staff (78% and 73% respectively). These shortages are having an impact on IT departments, with outsourcing being an obvious answer to the problem. 84% say that a shortage of skills is limiting the ability of their IT department to support the wider organisation.

Outsourcing skills that are hard to come by allows organisations to maintain steady growth, meet the demands of peaks and troughs of busy periods throughout the year, and to benefit from top talent that's widely available. With IT skills shortages remaining a challenge for the foreseeable future, there is an opportunity for vendors to demonstrate how they can support their customers in their increased demands and with the challenges that they may encounter.

VansonBourne
COMMUN**IT**Y

The network for technology insight

These survey findings are based on qualitative and quantitative interviews with 332 members of the Vanson Bourne Community, our insight network of IT and business professionals at the forefront of their industries. We regularly engage with our members to tap into their expertise and perspectives on the latest technology-driven trends facing their organisations today.

Whether you're looking for deeper market understanding or data to drive your strategy, insights from our expert community can help inform your thinking and test your hypotheses.

Our Productivity database and insight series harnesses Community insights to take a forensic look into the IT department, investigating the issues faced by tech teams in ever-changing times. You've just read the latest in our ongoing series, exploring the People issues in tech today.

Get in touch to learn more about these findings or to discover how the insights in our Productivity database can support your goals today:

Let's talk about research

vansonbourne.com

VansonBourne