



FOCUS REPORT

Buyer Views on Outsourcing and Offshoring: Marketing Implications for ITO and BPO Providers

TABLE OF CONTENTS

Table of Contents

	Page
I. Executive Summary	1
Key Findings	1
Outsourcing.....	1
Offshoring.....	2
ITSMA’s Conclusions and Recommendations.....	4
II. Study Introduction and Respondent Demographics	7
Methodology.....	8
Respondent Demographics	8
Respondents’ Levels of Responsibility and Job Roles	8
Respondents’ Roles in the Decision Process	8
Industries Represented	8
Size of Respondents’ Organizations.....	9
Services Purchased in the Last Year.....	9
III. Outsourcing: Exploring the Business Benefits and Buying Intentions	13
Long-Term Solution or Short-Term Fix?	13
ITO	13
BPO.....	13
The Most Important Business Benefits	14
Perceived Benefits Differ by Industry Sector	14
ITO.....	14
BPO.....	15
Size Matters	15
Target Value Propositions to IT and Business Executives Wisely	15
Likelihood to Outsource	15
IT Functions Most Likely to Outsource.....	15
Business Processes Most Likely to Outsource.....	16
The Bottom Line.....	16
IV. Offshoring: The Customer Point of View	28
Onshore vs. Offshore Preferences	28
Actual Offshore Experience	28
Assessment of the Offshore Experience	29
Offshoring, Governmental Pressure, and the Economy	29
Offshoring and the U.S. Economy	30
The Influence of Offshore Resources on the Service Provider Selection Process	30
The Bottom Line.....	30
Appendix: Study Questionnaire	40

List of Tables

	Page
Table 2.1 Respondents' Levels of Responsibility by Job Role	10
Table 2.2 Respondents' Job Roles by Industry	11
Table 2.3 Size of Organizations Represented by Industry	12
Table 2.4 Services Purchased in the Last Year by Industry	12
Table 3.1 Attitudes Toward Outsourcing by Industry	17
Table 3.2 Attitudes Toward Outsourcing by Size of Organization Represented	18
Table 3.3 Attitudes Toward Outsourcing by Job Role	18
Table 3.4 Attitudes Toward Outsourcing by Level of Responsibility.....	19
Table 3.5 Most Important Business Benefits of Outsourcing by Industry	20
Table 3.6 Most Important Business Benefits of Outsourcing by Size of Organization Represented	21
Table 3.7 Most Important Business Benefits of Outsourcing by Job Role.....	22
Table 3.8 Most Important Business Benefits of Outsourcing by Level of Responsibility.....	23
Table 3.9 Likelihood to Outsource by Industry	24
Table 3.10 Likelihood to Outsource by Size of Organization Represented	24
Table 3.11 Likelihood to Outsource by Job Role	24
Table 3.12 Likelihood to Outsource by Level of Responsibility	25
Table 3.13 Functions Most Likely to Outsource by Industry	25
Table 3.14 Functions Most Likely to Outsource by Size of Organization Represented	26
Table 3.15 Functions Most Likely to Outsource by Job Role	27
Table 3.16 Functions Most Likely to Outsource by Level of Responsibility.....	27
Table 4.1 Preference for Onshore vs. Offshore by Industry	31
Table 4.2 Preference for Onshore vs. Offshore by Size of Organization Represented.....	32
Table 4.3 Preference for Onshore vs. Offshore by Job Role.....	32
Table 4.4 Preference for Onshore vs. Offshore by Level of Responsibility	32
Table 4.5 Offshore Experience by Industry	33
Table 4.6 Offshore Experience by Size of Organization Represented	33
Table 4.7 Offshore Experience by Job Role	33
Table 4.8 Offshore Experience by Level of Responsibility	34
Table 4.9 Descriptions of Negative Experiences by Size of Organization Represented.....	36

List of Figures

	Page
Figure 1.1 Attitudes Toward Outsourcing	2
Figure 1.2 Most Important Business Benefits of Outsourcing	3
Figure 1.3 Preference for Onshore vs. Offshore.....	3
Figure 1.4 Perceived Impact of Offshoring on the U.S. Economy	4
Figure 2.1 Respondents' Levels of Responsibility	9
Figure 2.2 Respondents' Job Roles.....	10
Figure 2.3 Respondents' Roles in the Decision Process.....	10
Figure 2.4 Industries Represented.....	11
Figure 2.5 Size of Organizations Represented.....	11
Figure 2.6 Services Purchased in the Last Year	12
Figure 3.1 Attitudes Toward Outsourcing	17
Figure 3.2 Most Important Business Benefits of Outsourcing	19
Figure 3.3 Likelihood to Outsource.....	24
Figure 3.4 IT Outsourcing: Functions Most Likely to Outsource.....	25
Figure 3.5 Business Process Outsourcing: Functions Most Likely to Outsource	26
Figure 4.1 Preference for Onshore vs. Offshore.....	31
Figure 4.2 Offshore Experience	33
Figure 4.3 Assessment of Offshore Experience	34
Figure 4.4 Assessment of Offshore Experience by Industry	34
Figure 4.5 Assessment of Offshore Experience by Size of Organization Represented	35
Figure 4.6 Assessment of Offshore Experience by Job Role	35
Figure 4.7 Assessment of Offshore Experience by Level of Responsibility	35
Figure 4.8 Impact of Governmental Pressure on Offshore Usage	36
Figure 4.9 Impact of Governmental Pressure on Offshore Usage by Industry.....	37
Figure 4.10 Impact of Governmental Pressure on Offshore Usage by Size of Organization Represented.....	37
Figure 4.11 Impact of Governmental Pressure on Offshore Usage by Job Role	37
Figure 4.12 Impact of Governmental Pressure on Offshore Usage by Level of Responsibility.....	38
Figure 4.13 Perceived Impact of Offshoring on the U.S. Economy	38
Figure 4.14 Perceived Impact of Offshoring on the U.S. Economy by Industry	38
Figure 4.15 Perceived Impact of Offshoring on the U.S. Economy by Size of Organization Represented	39
Figure 4.16 Perceived Impact of Offshoring on the U.S. Economy by Job Role	39
Figure 4.17 Perceived Impact of Offshoring on the U.S. Economy by Level of Responsibility	39



RESEARCH ORDER FORM

	ITSMA Member Price	Nonmember Price
Buyer Views on Outsourcing and Offshoring: Marketing Implications for ITO and BPO Providers 2004 FOCUS REPORT	\$0	\$995

5

**Ways to
Order
Today!**

P H O N E +1-781-862-8500, Ext. 45
 F A X +1-781-674-1366
 W E B www.itsma.com
 E M A I L info@itsma.com
 M A I L ITSMA, 420 Bedford Street, Suite 110, Lexington, MA 02420-1506 USA

Qty	Title	Price
	Buyer Views on Outsourcing and Offshoring: Marketing Implications for ITO and BPO Providers [F008]	\$
Please indicate PDF or hard copy (shipping charges apply to hard copy only):		
<input type="checkbox"/>	PDF [Please provide your email account below.]	<input type="checkbox"/> Shipping & Handling (hard copy)
		(USPS First Class Mail) \$ 25.00
		Order Total \$

SHIP TO NAME.....

TITLE..... DEPT/DIVISION.....

COMPANY.....

ADDRESS.....

CITY..... STATE..... ZIP.....

PHONE..... FAX..... EMAIL.....

BILL TO NAME/DEPT.....

(IF DIFFERENT FROM SHIP TO) COMPANY.....

ADDRESS.....

CITY..... STATE..... ZIP.....

PAYMENT Authorized Purchase Order (Purchase Order #.....)

(DUE UPON RECEIPT) Check Enclosed - Payable to ITSMA in \$US (ITSMA Tax ID 04-2706960)

Visa MasterCard American Express

CARD #..... EXP. DATE.....

CARDHOLDER NAME..... SIGNATURE.....

AUTHORIZED BY NAME..... TITLE.....

SIGNATURE..... PHONE.....

DATE.....