

# UK Outsourcing Index

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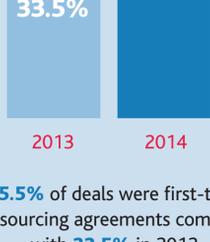
2014

The arvato UK Outsourcing Index for the full year 2014 reveals a dominance of onshore activity, as UK organisations outsource increasingly sophisticated work.

## Onshore contracts dominate in 2014 – only 8% go fully offshore



UK outsourcing deals are worth **£6.65bn** in 2014



**55.5%** of deals were first-time outsourcing agreements compared with **33.5%** in 2013



## Outsourcing becomes more sophisticated

2014 saw UK organisations outsource increasingly sophisticated and strategic services, indicating a more mature market.

**62%**



of customer relationship management contracts are multi-channel – an increase from **40%** in 2013

**50%**



of multi-service HR contracts now include Recruitment Process Outsourcing (RPO) – a service that was exclusively commissioned separately in 2013

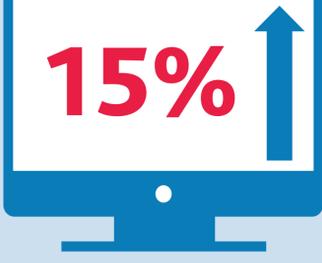
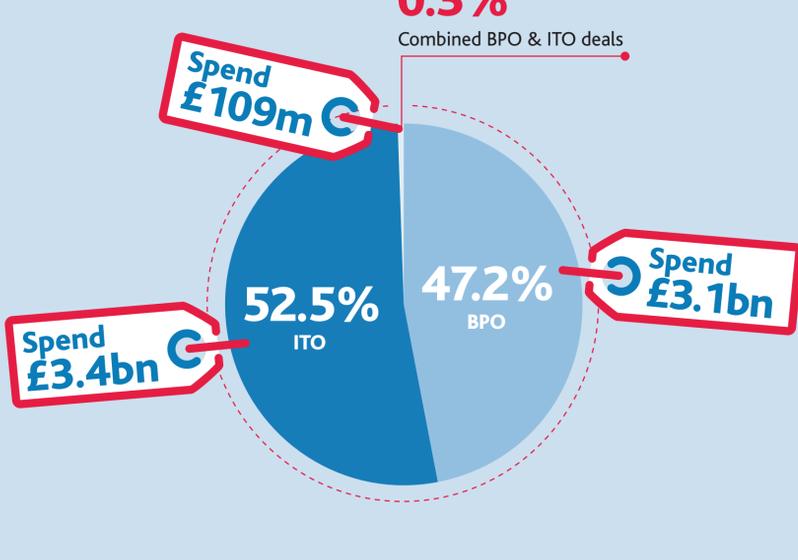
**40%**



of contracts in the financial services sector involved platform-based services (a combination of technology and people-based services), compared with **25%** in 2013

## BPO vs ITO

IT Outsourcing (ITO) saw significant growth, with total spend rising by 15% year-on-year to £3.44 billion.



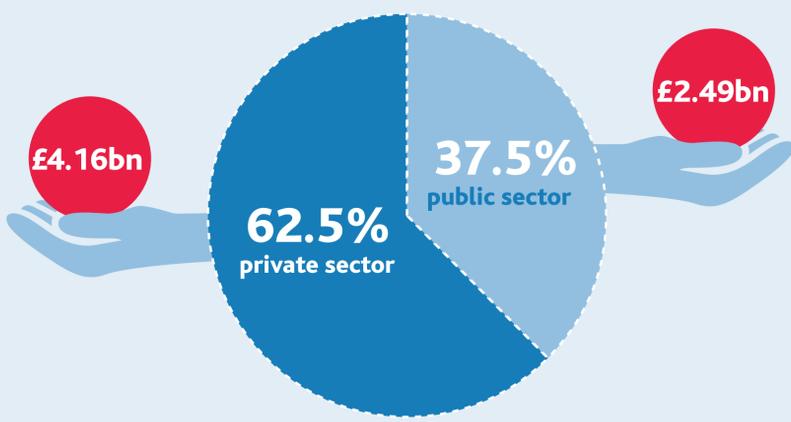
Total spend on ITO rose **15%** year-on-year



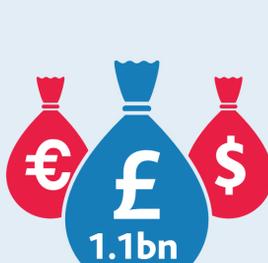
Energy & Utilities spent more on ITO than any other sector, with deals worth **£1.05bn**

## Spend by sector

The private sector dominated deal activity in 2014, with contracts accounting for 62.5% of spend.



Outsourcing in the Energy & Utilities sector grew by **187%** year-on-year to **£1.072bn** from **£373m** in 2013 – the largest growth of any sector



With a total of **£1.1bn** of new agreements in 2014, Financial Services was the most active private sector

## Local government

A strong performance in 2014 reflects a growing maturity in local government outsourcing, with a year-on-year increase in average contract value and the inclusion of more sophisticated services.



increase in the average value of local government outsourcing deals

**£87m**

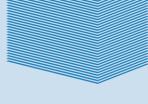
2014 saw a large rise in the value of Revenues & Benefits contracts – rising to **£87m** from **£15m** in 2013

**60%**

of all local government contracts signed in 2014 were extensions, renewals or replacements of incumbent suppliers, rising from **37%** in 2013

**£606m**

Local government BPO and ITO deals worth **£606m** were contracted in 2014



of contracts specified supplier investment to fund transformation projects in 2014, up from **9%** in 2013



of customer services contracts in the public sector, including local government, incorporate multi-channel delivery, rising from **50%** in 2013.



Local job creation was a feature in **25%** of contracts in 2014, rising from **10%** in 2013

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