

VIP Report

Survey on Outsourcing

Results from our benchmarking survey on outsourcing

“How important are outsourced services to organisations? What are the barriers to outsourcing? How satisfied are those who are outsourcing with their outcomes? How important are outsourced services to organisations? What are the barriers to outsourcing? How satisfied are those who are outsourcing with their outcomes?”

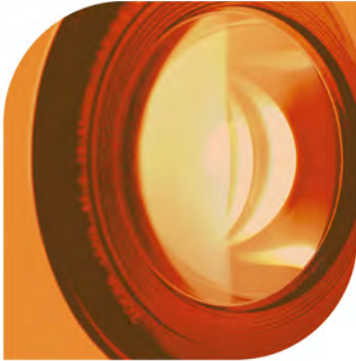
June 2009



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About this Report

VIP Report

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Contact Information

Free Pint Limited

4-6 Station Approach, Ashford,

Middlesex, TW15 2QN, United Kingdom

Registered Office: Delaport Coach House, Lamer Lane, Wheathampstead, Herts, AL4 8RQ

Registered Number: 3754481

Telephone: 0870 141 7474

International: +44 870 141 7474

Email: support@vivaVIP.com

Web: <http://www.vivaVIP.com/>



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Survey on Outsourcing

Scope of Knowledge and Information Services

For the purpose of this survey, we defined knowledge and information services as follows:

- Research
- Document preparation (word processing, etc.)
- Legal support
- Pitch support (graphics, presentations, etc.)

Introduction

Free Pint Ltd. and Integreon partnered on a research project to understand how information professionals and information centres worldwide are approaching outsourcing of knowledge and information services. How important are outsourced services to organisations? What are the barriers to outsourcing? How satisfied are those who are outsourcing with their outcomes?

The two companies collaborated on creating an online survey to understand how these questions play out. The invitation to participate was sent to subscribers of FreePint's premium publications and Integreon customers and contacts, as well as promoted through press releases and banner advertising on FreePint's websites for business information professionals.

The survey was open for 8 weeks in the spring of 2009, and 71 respondents completed the survey.

Figures 1 through 3 show the demographics of respondents.

More than one-third of respondents are based in the United Kingdom, with another 31 percent from the United States. More than 85 percent work in the corporate sector, and over 40 percent of respondents work for corporations with more than 1,000 employees.

Asked about what industries they represent, respondents were able to tick multiple boxes if appropriate. Twenty-five percent of respondents are in the legal sector, over 22 percent are in the financial arena, and 19 percent are in management consulting.

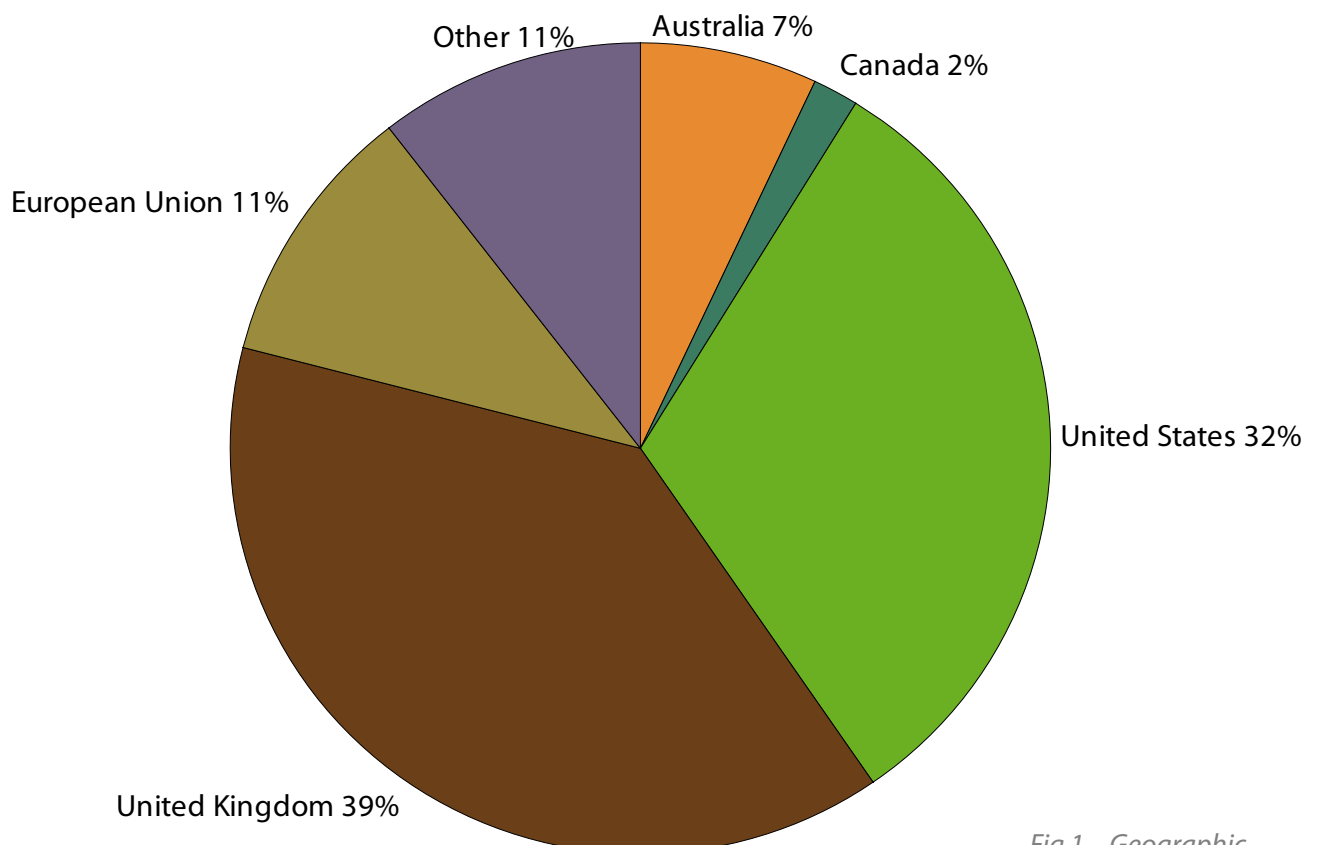


Fig 1 – Geographic location of respondents

Fig 2 – Type of Organisation

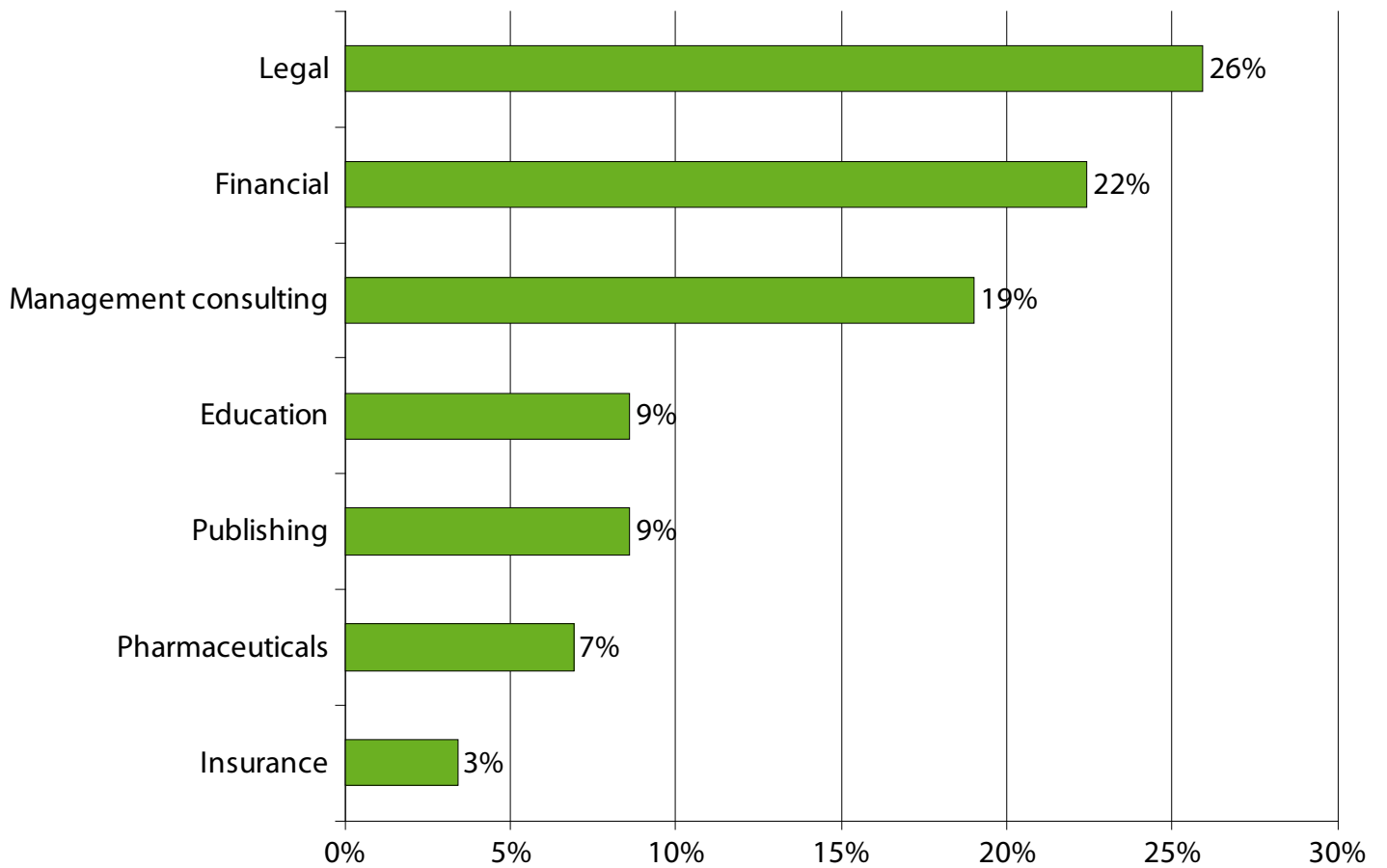
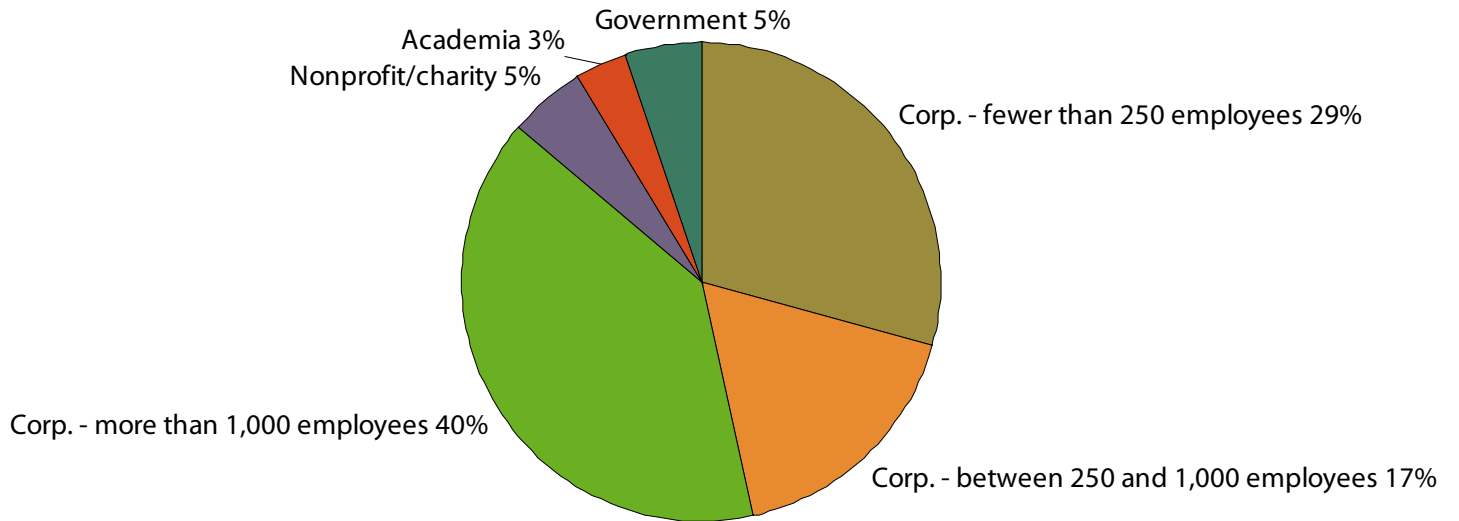


Fig 3 - Industries

Table 1: Job Titles of Respondents

CEO (3)	Information Scientist (2)
Chief Planning Officer	Knowledge management assistant
CI Analyst	Lecturer
Director (3)	Librarian (7)
Director of Library Services	Owner (2)
Executive VP/Chief Marketing Officer	Principal
Executive	Product manager
General Manager	Production Coordinator
Head of Business Information Centre (5)	Research Consultant
Head of Quality and Information	Researcher (2)
Information Manager (2)	Senior Information Officer
Information Professional	Senior Manager - Research Team Leader
Information Resources Director	Senior Researcher (2)
	VP of Marketing

We asked respondents about their current relationship with outsourcing – whether they were actively outsourcing any information and knowledge services right now, have considered outsourcing in the past, undergoing due diligence, etc. *Figure 4* shows the range of responses.

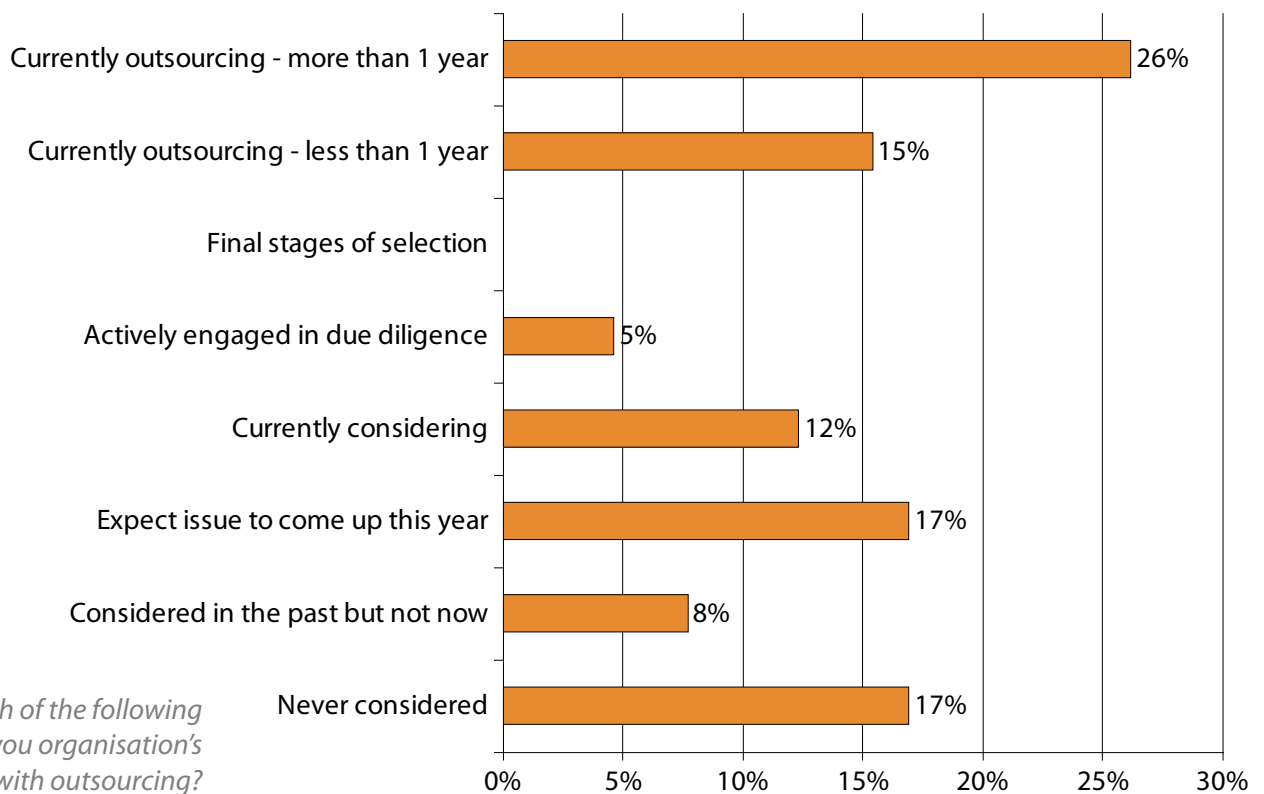


Fig 4 – Which of the following describes you organisation's involvement with outsourcing?

More than a quarter of respondents are currently outsourcing and have been for more than 1 year. Seventeen percent of respondents reported that they have never considered outsourcing, and another 17 percent expect the issue to come up in the next 12 months. No respondents are currently in the final stages of provider selection.

Prior to asking about specific experiences with outsourcing, we asked respondents to rate their agreement with a series of statements about outsourcing. This question was intended to capture reactions from respondents about their attitudes towards outsourcing in general. They rated their agreement with each statement on a 4-point scale, where 1 = completely disagree and 4 = completely agree. *Figure 5* shows the average rating for each statement.

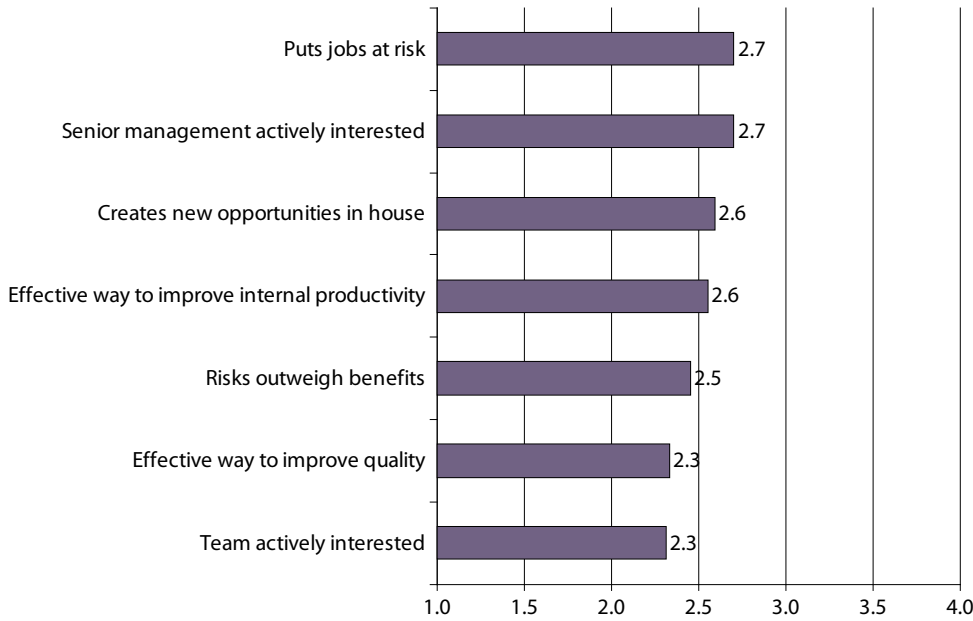


Fig 5 – Rate agreement with the following statements about outsourcing

Statements for rating agreement (Fig 6):

- Outsourcing puts jobs at risk.
- Senior management (or equivalent) in my organisation is actively interested in outsourcing.
- Outsourcing creates new opportunities for inhouse and onshore staff.
- Outsourcing is an effective way to improve work quality.
- The risks associated with outsourcing outweigh the benefits.
- Outsourcing is an effective way to improve internal productivity.
- My team is actively interested in outsourcing.

As Figure 5 shows, average ratings for agreement with each statement cluster in the middle. The statement ‘Outsourcing puts jobs at risk’ received the highest average rating, at 2.70. ‘My team is actively interested in outsourcing’ received the lowest average rating, at 2.31, less than 0.4 than the highest average.

Figure 6 offers a different perspective on the same information. Figure 6 shows the spread of ratings from 1 to 4 for each item individually (See Statements for rating agreement).

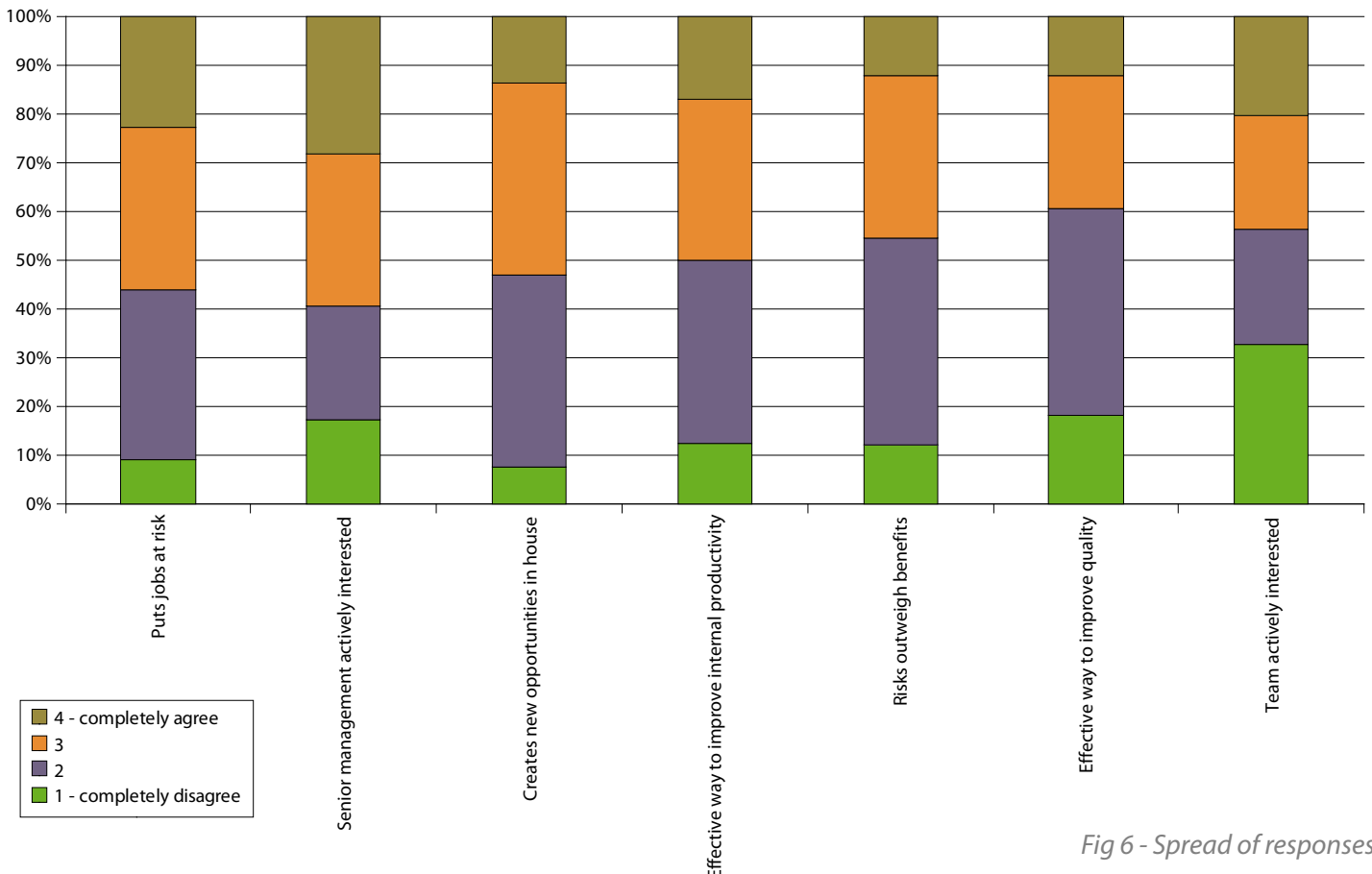


Fig 6 - Spread of responses

The variations in each bar show that there is a lot of variation in how respondents feel about outsourcing and the internal priorities regarding outsourcing. From this figure, we can see that senior management at respondents' organizations is making its interest in outsourcing known – nearly 60 percent of respondents rated their agreement in the top half rather than the bottom half of the scale for this item.

Similarly, we can see that more than 60 percent of respondents disagree with the statement, 'Outsourcing is an effective way to improve work quality.'

Interestingly, although 'My team is actively engaged in outsourcing' garnered the lowest average rating, 20 percent of respondents gave this statement their highest agreement rating, second only to the two statements with the top average ratings. This result indicates a lot of diversity in the interest of respondents' teams – some very interested in outsourcing, and some not at all interested.

Actively Outsourcing

We wanted to understand how those who are currently outsourcing feel about their partners, the quality of work and the impact of outsourcing on their businesses. We asked survey respondents to indicate if they are currently engaged in one or more outsourced contracts for knowledge and information work. *Figure 7* shows their responses.

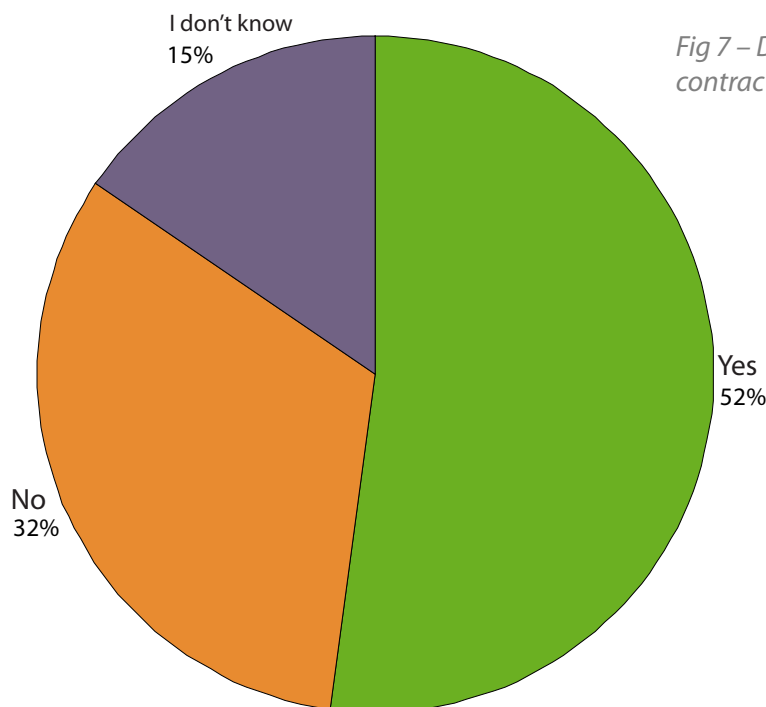


Fig 7 – Do you have at least one outsourced contract for knowledge services?

Based on their responses to this question, respondents were routed to particular pages in the survey relating to their experiences. Those who did not know if they had any current contracts were routed to the final page of demographics and invited to forward the survey to a colleague with more information about the organisation's current activity with outsourcing.

Thirty-seven respondents reported that they are currently involved with outsourcing one or more information and knowledge services.

Figure 8 shows which services respondents are currently outsourcing. Nearly 40 percent report that they outsource general research or specialist research. The 'Other' category was also selected by nearly 40 percent of respondents, who could also write in what services they are outsourcing (see sidebar).

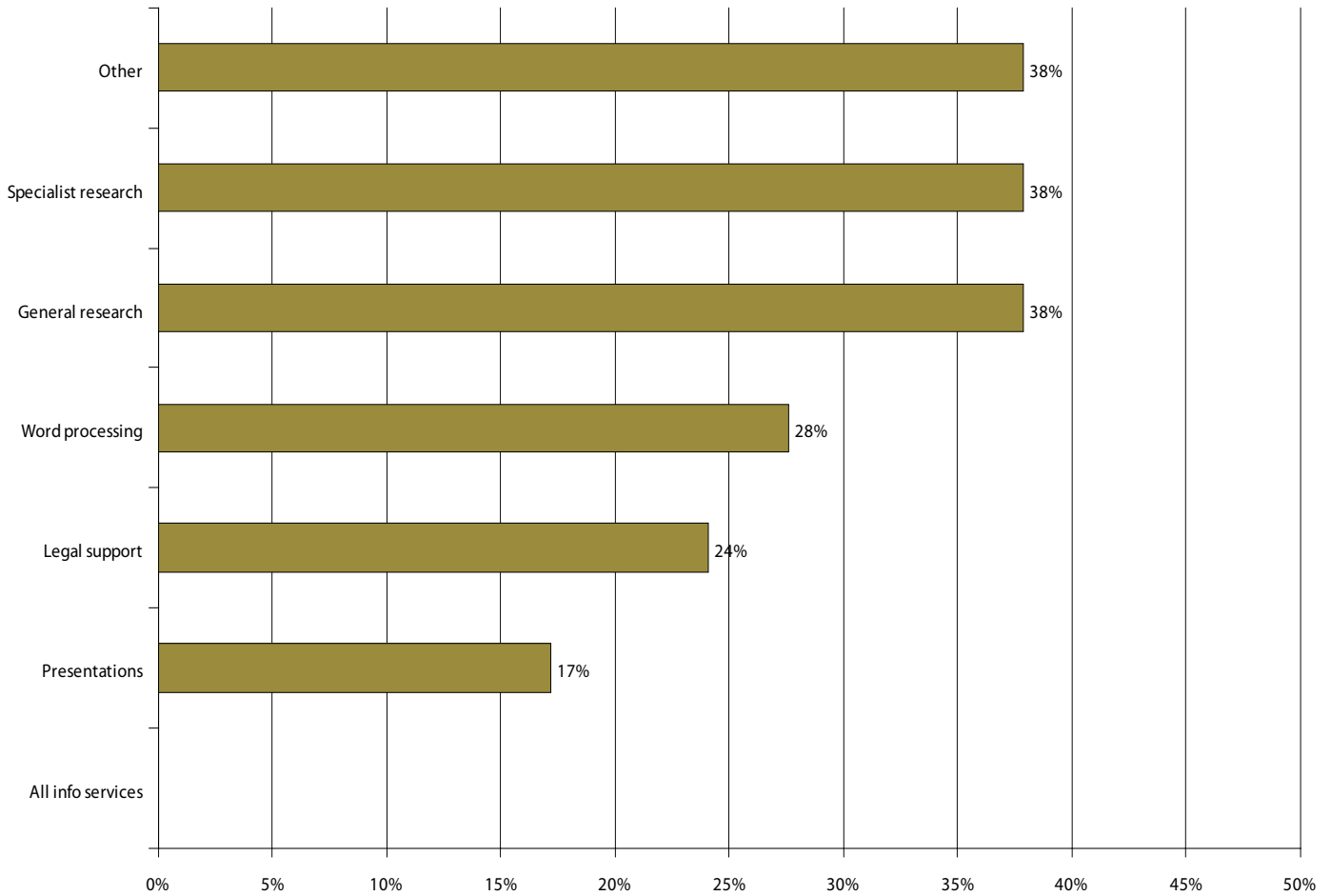


Fig 8 – What knowledge or information services are you currently outsourcing?

Outsourced services mentioned in 'Other' (Fig 8)

- Ad hoc projects
- Anti-money-laundering compliance projects
- Cataloging
- Contract administration
- Data entry
- Document delivery
- Document retrieval
- E-resource contracts
- Filing updates
- Information acquisitions
- Information technology
- Major projects to a single provider
- Records management
- Web development & maintenance

We asked respondents to quantify what percentage of their work is handled by inhouse staff and outsourced staff, in different locations. Their responses are shown in Figure 9.

Outsourcing, both onshore and offshore, accounts for around 30 percent of work; inhouse workers are performing around 69 percent of work. Individual responses ran the full range, however. One respondent indicated that inhouse staff perform only 10 percent of work; several others fell between 70 percent and 95 percent. Percent of work outsourced to onshore providers was often reported at 10 or 20 percent; percent of work outsourced to offshore providers tended to be higher – running 20 to 40 percent.

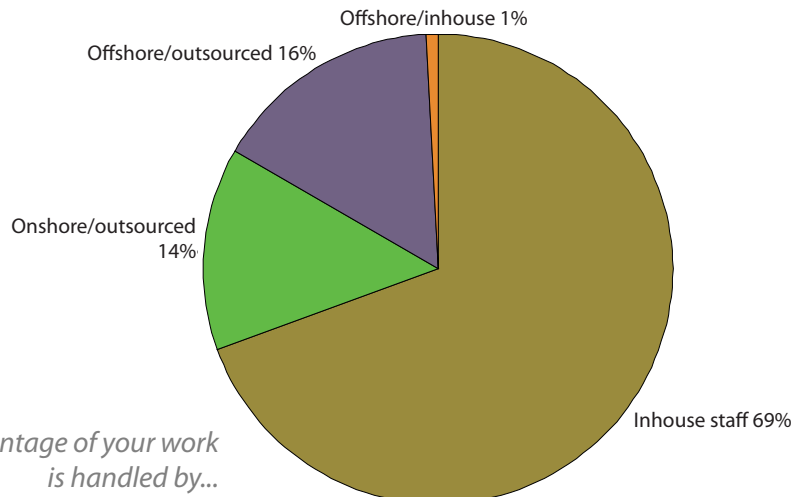


Fig 9 – What percentage of your work is handled by...

We asked respondents to indicate if they are outsourcing too little, the right amount, or too much work. Their responses are shown in *Figure 10*.

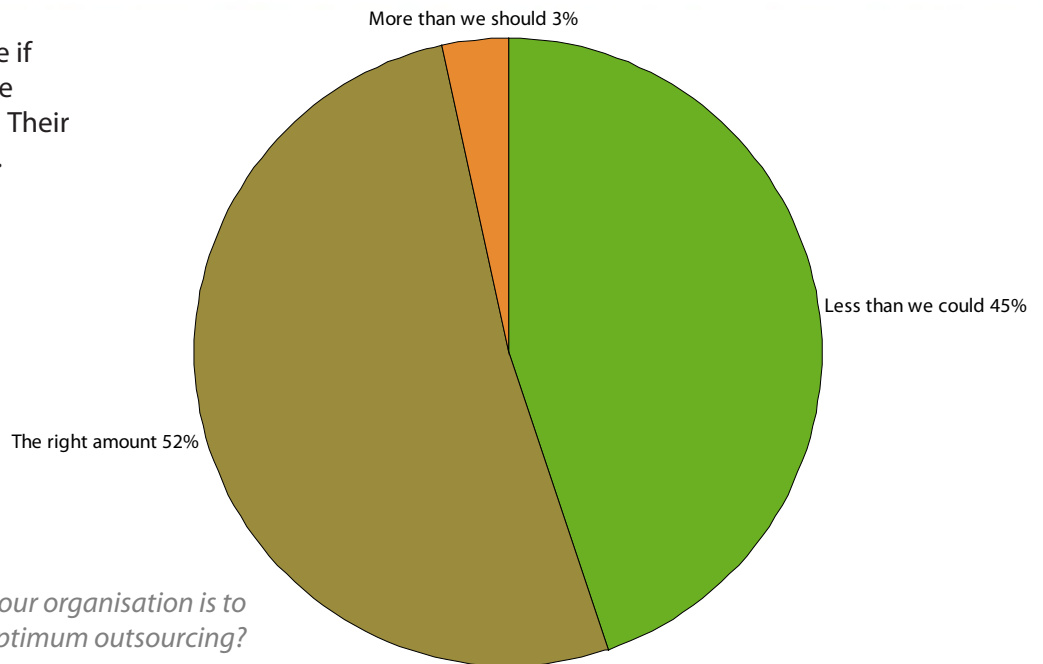


Fig 10 – How close do you think your organisation is to optimum outsourcing?

Several respondents added their own comments to this item:

- *'There has to be an employee with access to pay the bills!'*
- *'I would say we are outsourcing less than we could.'*
- *'The environment is changing and outsourcing is a bit of a risk; some functions not big enough to get economies of scale from outsourcing.'*
- *'We are still building up experiences.'*
- *'There is some scope for outsourcing major projects but not enough being sent through.'*
- *'As a law firm we are relatively small with highly specialised research needs. No benefits from outsourcing volume work.'*

We then asked what changes respondents expected to see in their outsourcing in the coming year. For the most part, respondents expect their outsourcing to remain stable in the next year, with the biggest increases in the amount of work to be outsourced. *Figure 11* shows the spread of their responses, ranging from 'significant decrease' to 'significant increase'.

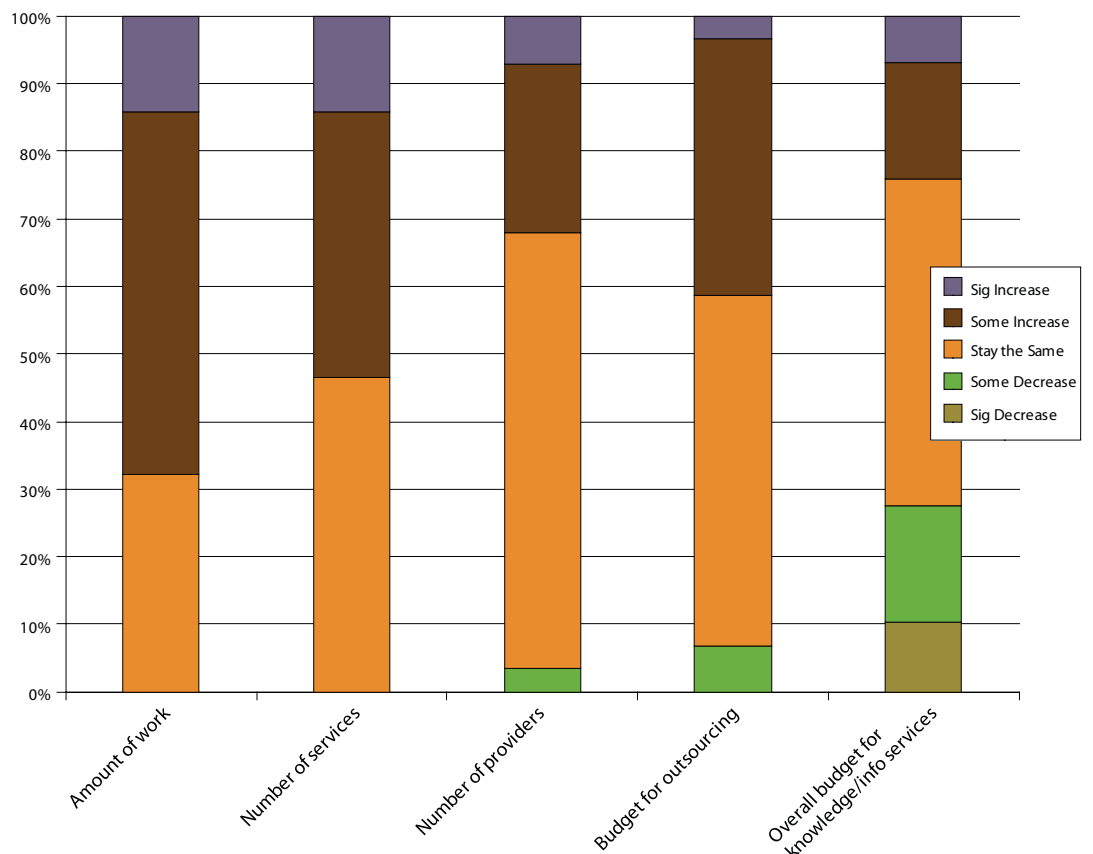


Fig 11 – What changes do you anticipate in the next 12 months?

Respondents generally expect the number of services providers they work with to remain the same. Nearly 30 percent of respondents expect some decrease in their overall budget for knowledge and information services in the coming year, but nearly a quarter expect an increase in their budgets. Over 40 percent expect at least some increases in the budget for outsourcing these services.

We asked respondents to rate their agreements with a series of statements about outsourcing, to gauge their satisfaction with outsourcing. Average ratings for each statement are shown in *Figure 12*.

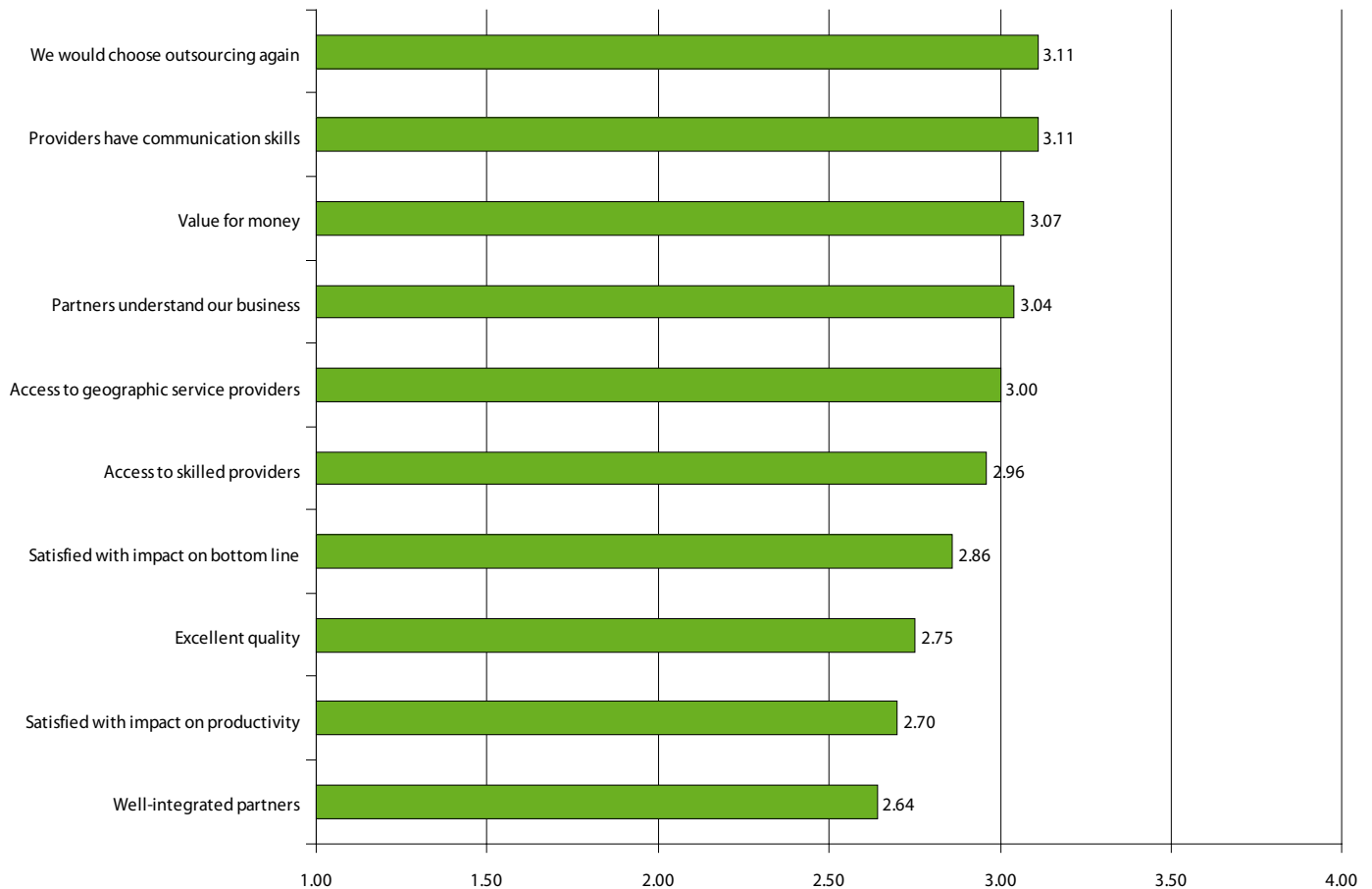


Fig 12 - Rate your agreement with the following...

Statements respondents were asked to rate their agreement with:

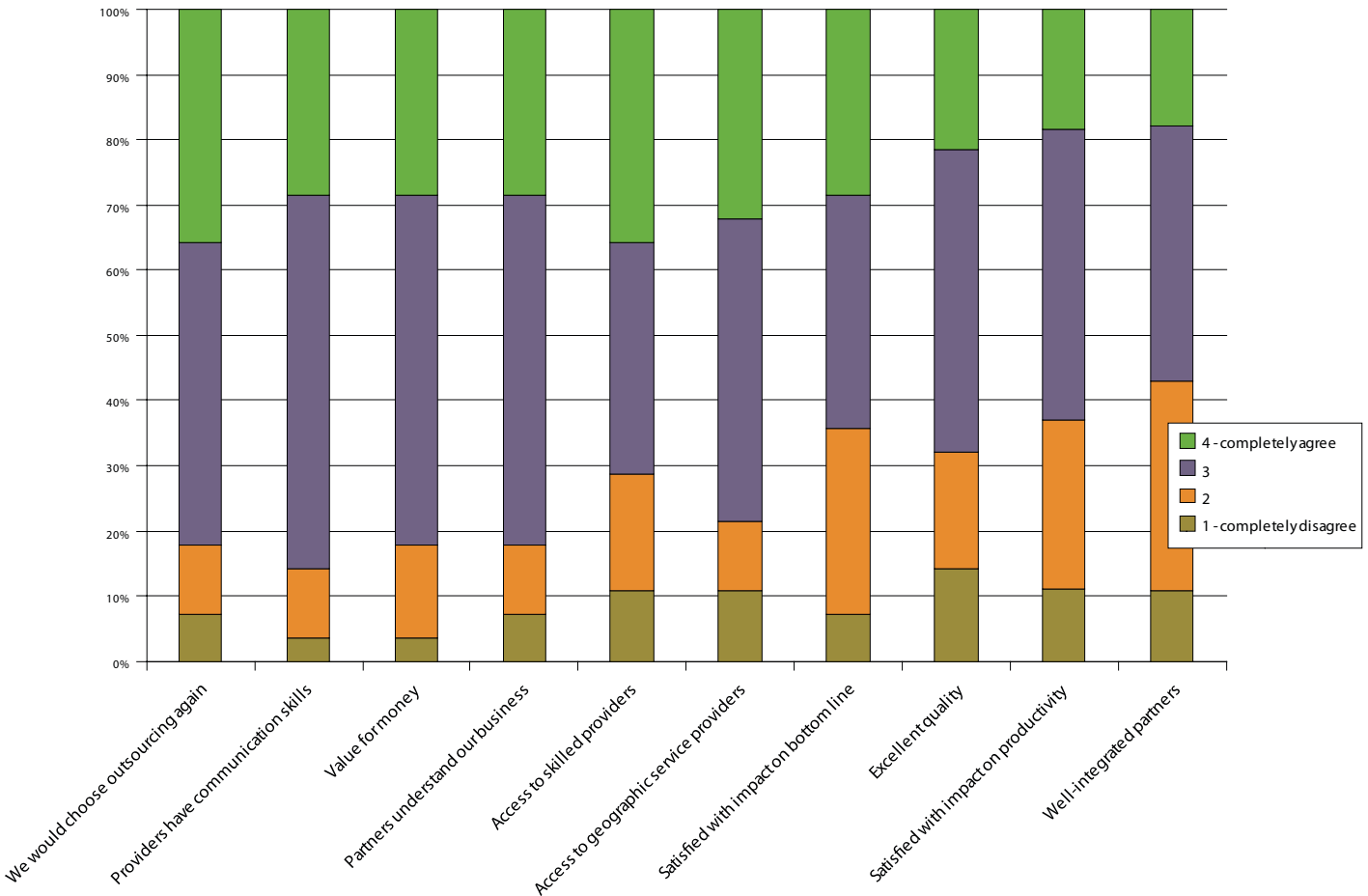
- Overall, we are very satisfied with the impact of outsourcing on our bottom line.
- The quality of work we get through outsourcing is excellent.
- We have access to service providers with the right range of skills.
- We have access to service providers with appropriate communication skills.
- If we were to reevaluate our decision to outsource, we would still choose to do so.
- Our outsourced providers understand our business goals.
- Our outsourcing relationship(s) provide value for money.
- Our outsourced providers are well-integrated partners.
- We have access to service providers in the right geographic locations.
- Overall, we are very satisfied with the impact of outsourcing on our productivity.

Respondents indicate that they are pretty satisfied with their outsourcing outcomes and relationships. One of the highest average ratings was for the statement, 'If we were to reevaluate our decision to outsource, we would still choose to do so.'

The lowest average rating was for 'Our outsourced providers are well-integrated partners.' However, it should be noted that integration is not the goal of every organisation that undertakes outsourcing.

Figure 13 shows the same responses, according to what percentage of respondents used each rating.

Fig 13



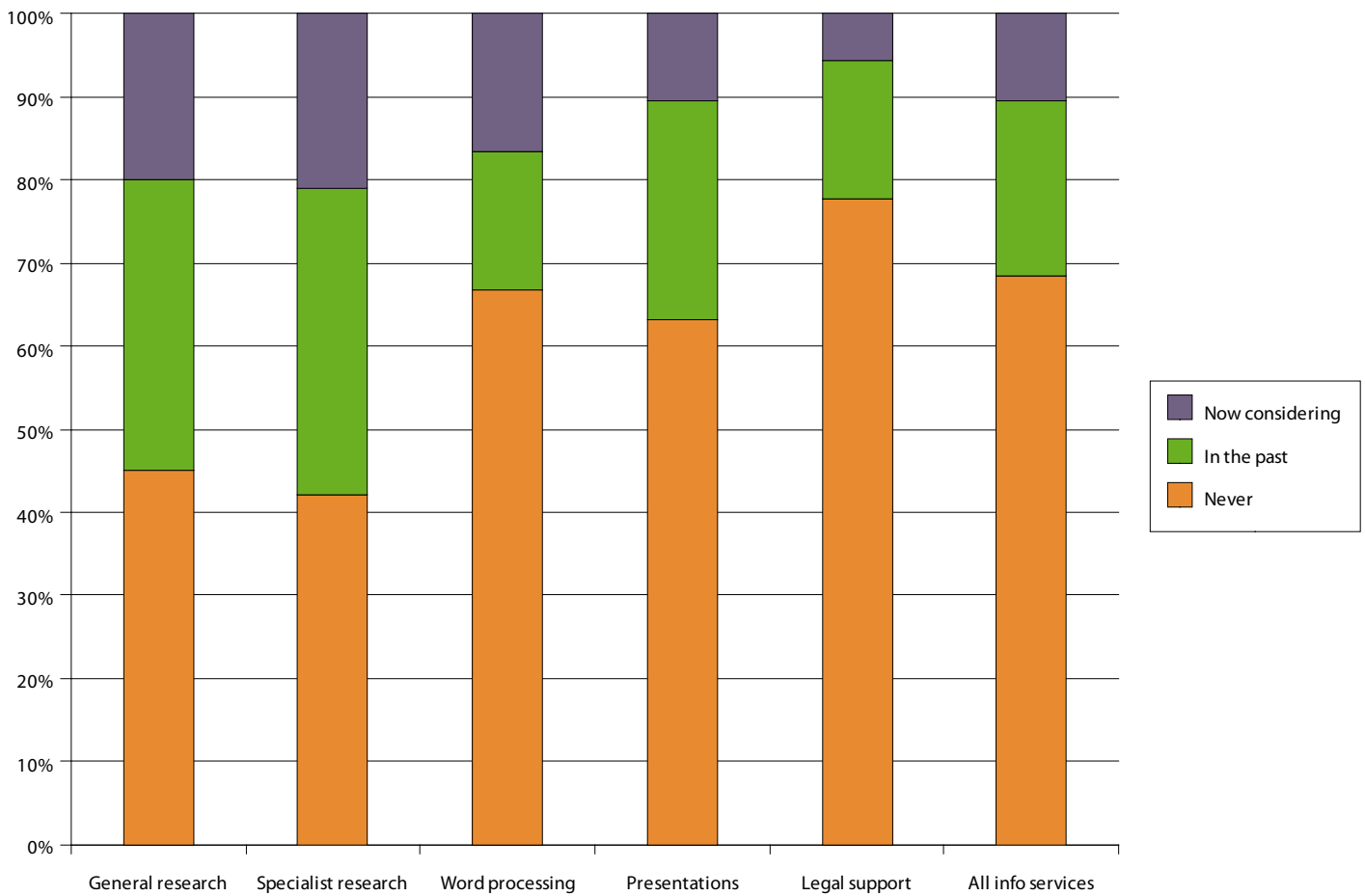
The spread of responses shows remarkable uniformity in terms of respondents' satisfaction. Particularly in the top four statements, the percentage of respondents selecting each rating is fairly constant across the range from 1 to 4. And for every single statement, more than half of respondents used the top two ratings of 3 and 4.

Not Actively Outsourcing

The other pathway through the survey was designed for respondents who report that they are not currently outsourcing one or more knowledge or information services. Thirty-two percent of respondents report that they are not currently outsourcing. We used these questions to understand the factors influencing decisions not to outsource and perceptions these respondents have about outsourcing.

We asked respondents if they had ever considered outsourcing certain knowledge and information services, choosing between 'considering now', 'have considered in the past', and 'never considered'. Their responses are shown in Figure 14.

Fig 14 – Have you ever considered outsourcing the following?



General and specialist research are the most common services under current consideration, as well as having been under past consideration.

We asked respondents to rate several factors according to their influence on their organisation’s decision not to outsource. Ratings ranged from 1 = not important to 4 = very important. *Figure 15* shows the average ratings for each of these factors.

Concerns over quality of the work received by far the highest average rating – at 3.26, this factor rated more than a half a point above the next-highest factor, cost concerns. Hovering near cost concerns was the perspective that the risks associated with outsourcing outweigh the benefits.

Less important factors were objections from internal or external customers and support of senior management, both at average ratings of 2.28.

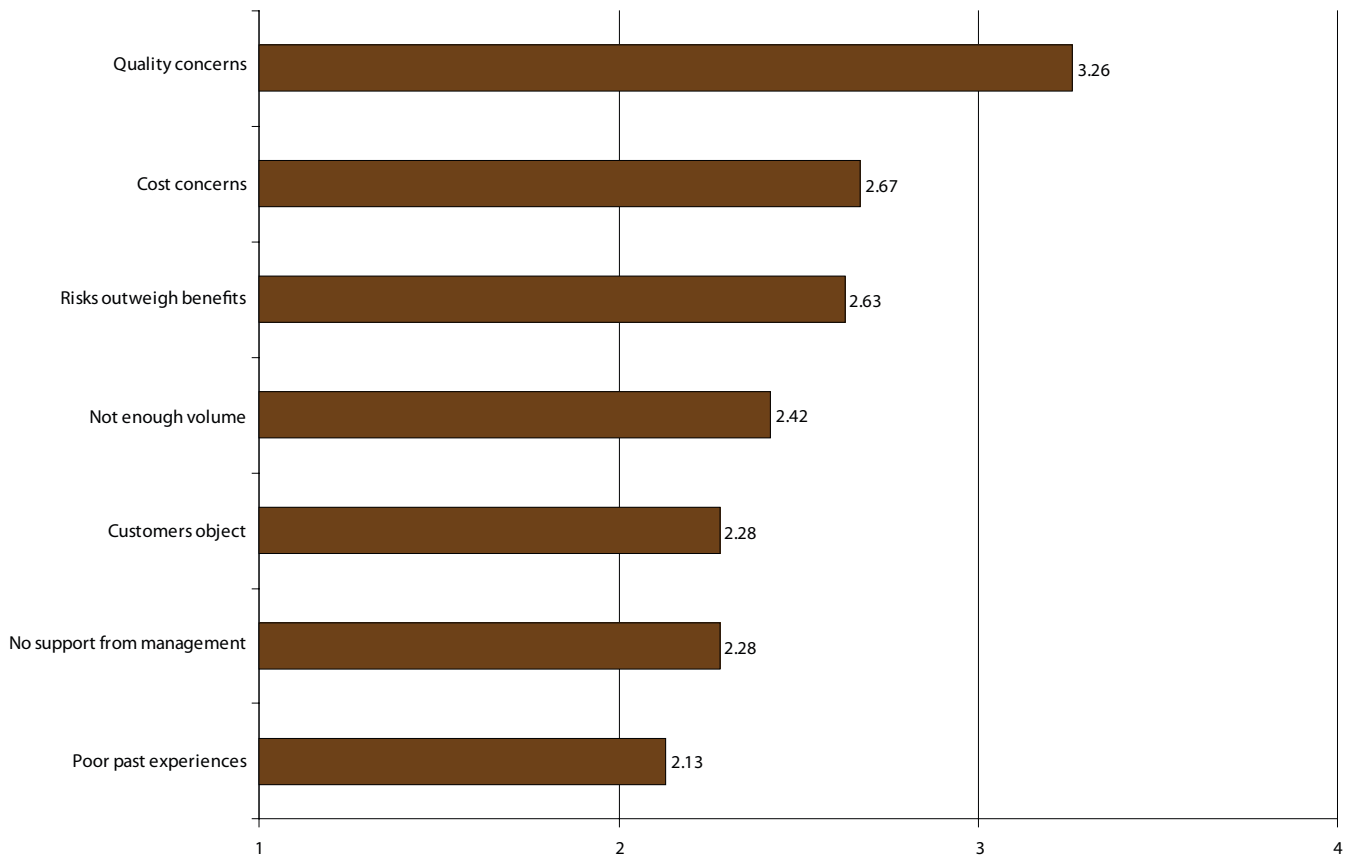


Fig 15 – How important are the following factors in your decision not to outsource?

One respondent added a comment: ‘Also concerned about managing the contractor.’

Figure 16 shows the spread of ratings for each factor. The first three factors are clearly powerful concerns preventing many organisations from outsourcing. Quality and cost concerns, as well as the perceived risks over the benefits, are all rated 3 or 4 by more than 50 percent of respondents.

Respondents were asked to rate the following factors influencing their decision not to outsource:

- No support from senior management
- Concerns about quality of outsourced work
- Not enough volume to achieve benefit
- Risks associated with outsourcing outweigh the benefits
- Customers (internal or external) object to outsourcing
- Poor experiences in the past with outsourcing

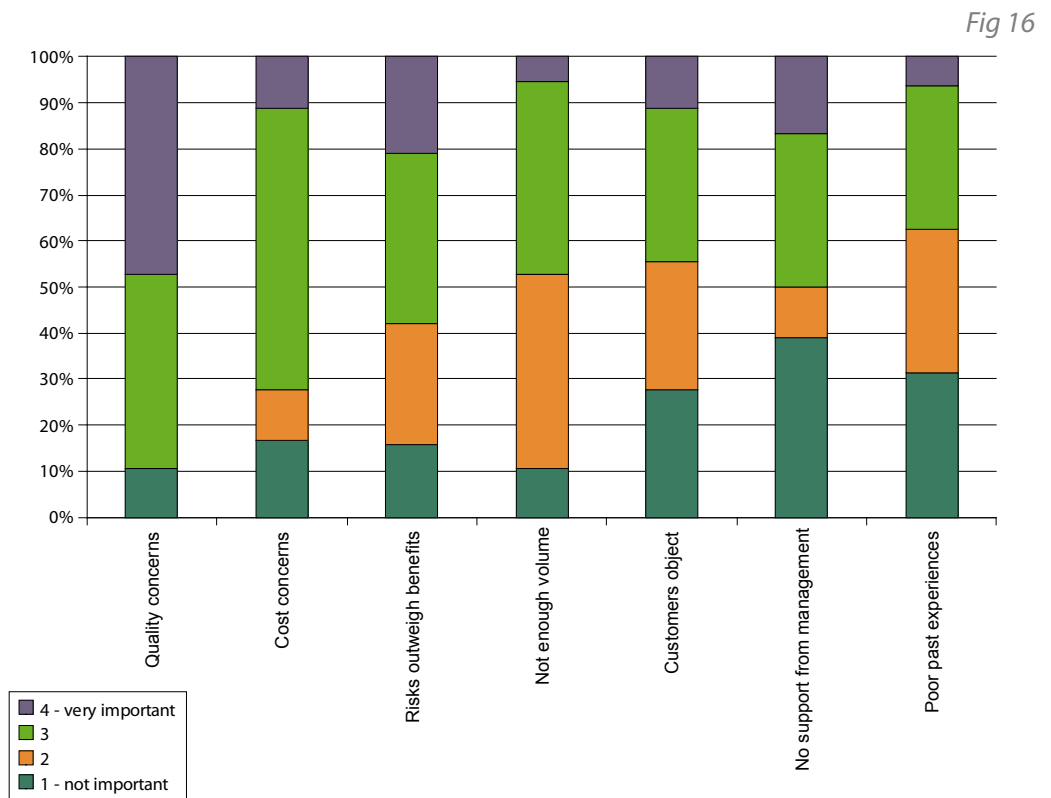


Fig 16

Conclusion

As an initial effort in understanding how information centres think about and engage with outsourcing, as well as a gauge perceptions on the risks, benefits and ethos of outsourcing, these survey results form a baseline for further study.

Senior management is actively interested in outsourcing, though work teams are less so; since respondents perceive that outsourcing puts jobs at risk, it stands to reason that work teams lack enthusiasm.

Research services are the most likely candidates for outsourcing.

For those organisations that have entered the world of outsourcing, respondents feel that they are getting value and report being satisfied with results. Still, most of the work at these organisations is still being handled in house (69 percent), and more than half of respondents report that they are outsourcing the right amount of work.

For those organisations that are not currently outsourcing, the biggest barriers seem to be concerns over quality, followed by cost. These respondents report that the risk/benefit imbalance is also a contributing factor.

Organisations considering outsourcing may gain benefit from reviewing the upsides reported by those already engaging in outsourcing. Queries to the [FreePint Bar](#) or directly to [Integreon](#) for case studies and examples of outsourcing in action may help clarify approaches to minimising the risks while gaining the benefits.





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