

* ISG[®] Market Lens BPO Study

The State of Business Process Outsourcing

- Today, many outsourced operations are highly mature – almost 1/3 have been outsourced for 10+ years.
- The area that is less mature is finance/procurement, which saw growth in the pandemic.
- Most BPO decisions are driven by procurement; modern CPOs are the most likely to sign off on BPO.
- CPOs and their teams are most involved in evaluating providers and managing contracting.

Top Motivations for Outsourcing

BPO Growth Driven by **Cost Optimization**

Only around 20% of enterprises cited service quality, business growth or innovation as key motivators for BPO. Respondents reported cost savings averaging 16%, and quality performance increase averaging 11% in comparison to running operations in house.

Planned BPO Changes over Next 2 Years

Reducing External Staffing Headcounts

Enterprises expect more headcount cuts due to providers driving efficiency with automation and AI. **A majority** expect to extend or expand outsourcing contracts to achieve these outcomes. Customer operations are twice as likely as finance ops to undergo AI or automation transformations by 2026.

Top Provider Decision Factors

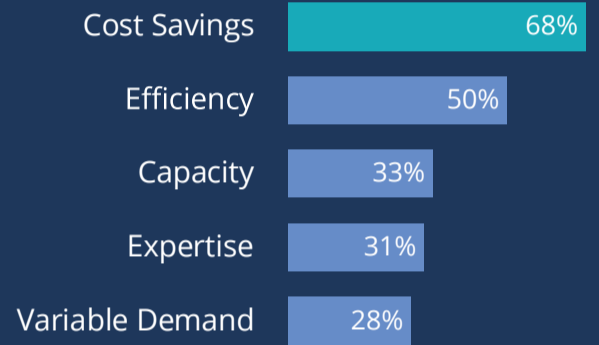
Industry Knowledge and Talent Are King

Rather than AI/automation capabilities (12%), **industry knowledge** and talent steer provider choices. Less than 1/3 mentioned innovation as important in their provider SLAs. Not surprisingly, innovation delivery was the area highlighted where BPO provider performance was weakest out of ten metrics studied.

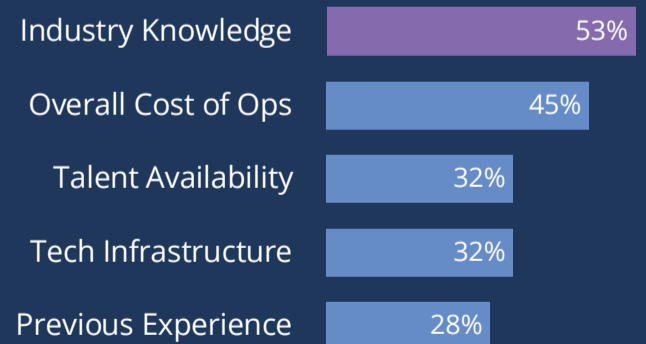
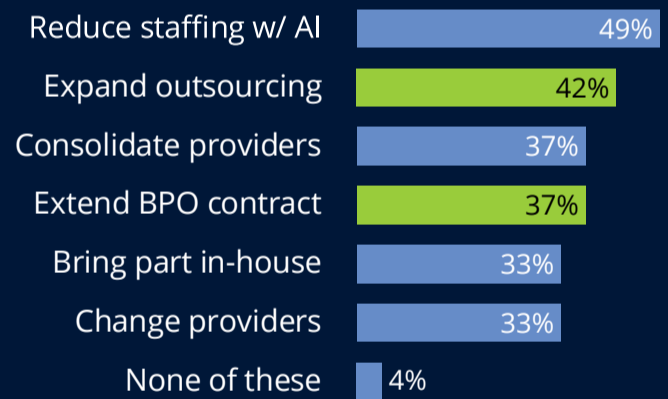
BPO Categories and Size

Category:	Staff:*	Examples
Supply/logistics/manufacturing	950	Maintenance/repair operations
Industry specific operations	720	Regulatory compliance
Customer operations	500	Contact Center Operations
Finance/procurement	147	Transactional Procurement

*Trimmed mean



*Top 3 motivators captured



*Top 3 decision factors captured

 **Customer (23%), logistics (15%),** finance/procurement (28%) & industry-specific (34%) operations.

 **368 decision makers** from G2000 companies globally

Contact us to find out more about this study. If your organization is struggling to navigate the technologies, processes and culture needed for your BPO initiative, ISG can help.