

# The *State* of Outsourcing:

Unveiling the Nexus of Cost, Quality, and AI

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&

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# Introduction

In recent years, technological and economic trends have forced companies to rethink their organizational goals and strategies.

***These shifts impacted outsourcing decisions, in particular, in unexpected ways.***

While organizations are generally happy with their outsourcing vendors, they're still willing to switch partners. Cost is a major factor here, as well as service quality and access to AI capabilities.

SupportNinja, in partnership with CMSWire Insights, surveyed 488 leaders (i.e., directors, presidents, or partners / owners) in organizations that use outsourcing to some degree.

***The insights from these leaders helped us explore trends in how companies leverage outsourcing and make vendor decisions.***

They also show many fascinating trends related to how growing AI capabilities are making organizations rethink what they expect from outsourcing partners and how the tech industry stands out as a sector especially interested in proactively harnessing the power of outsourcing.



# Key Findings



## Little loyalty toward outsourcing vendors:

Most organizations (93%) are at least somewhat satisfied with the level of service they receive from their outsourcing partners, but 73% are either considering a change in vendors or actively researching alternatives.



## AI features in outsourcing are a growing priority:

Most respondents say their outsourcing vendor(s) have basic (41%) or advanced (37%) AI capabilities, and most (73%) say that AI capabilities are a moderately important or very important feature when they're considering outsourcing vendors.



## Organizations are looking for the whole package:

More than half of respondents said they measure the value of the outsourced services through cost savings (59%) and service quality (51%).

As important as cost savings are, that alone will not meet an organization's needs.

**Quality matters.**



## The tech industry uses outsourcing more extensively:

65% of tech respondents say they have several outsourcing partners who fulfill critical business processes, compared to just 28% of those in other industries.



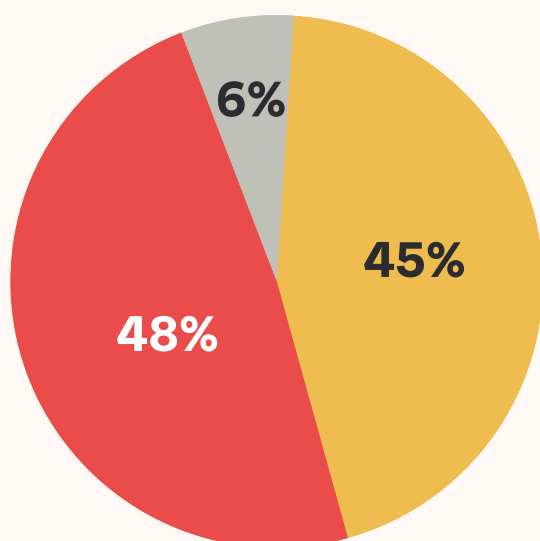
# Big Picture Outsourcing Trends

A large majority of leaders surveyed (93%) said they were satisfied with the quality of the outsourcing services they receive. However, that doesn't mean that they're not willing to consider alternatives. Almost half (48%) said there are a few areas where they wish the service provided were improved, and very few (27%) are loyal to their current vendor.

In fact, 14% said they're actively looking for new outsourcing vendors, and 59% are considering a change and researching alternatives.

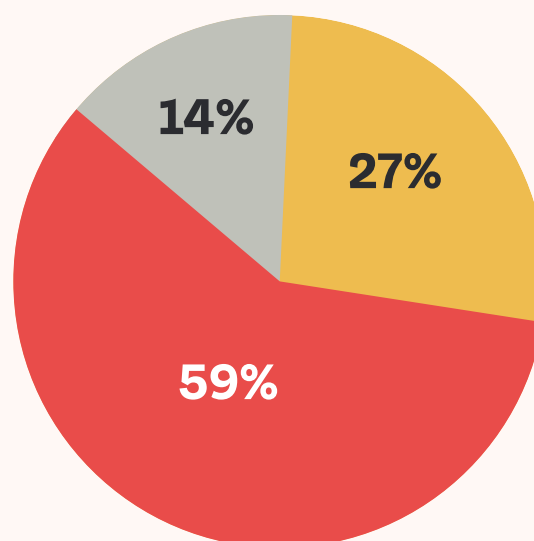
Essentially, organizations don't need to experience major issues with their vendor to consider changing their partnership. ***The little things count.***

**How satisfied are you overall with your current outsourcing vendor(s)?**



- **Very satisfied:**  
We have little to no frustrations or complaints
- **Somewhat satisfied:**  
There are a few areas in which we wish the service provided were improved
- **Somewhat dissatisfied:**  
There are many areas in which we wish the service from our vendor(s) were improved

**Does your organization plan to change your current outsourcing vendor(s) in the next 12 months?**



- **No**, we're happy with our current vendor(s)
- **Maybe**, we're considering a change and researching alternatives
- **Yes**, we're actively looking for a new vendor(s)

# Common Outsourcing Priorities and Considerations

Exploring the challenges associated with outsourcing can help determine potential reasons why companies consider switching vendors even if they are generally satisfied with their current partner.

The most common challenges leaders cited include “higher costs than expected” (40%), “poor communication” (28%), and “difficulty finding the right vendor to fit your exact outsourcing needs” (24%). Cost-related challenges surpassed the next common challenge by 12 percentage points – a notable gap. This highlights the importance of cost as a factor in outsourcing decisions.

The significance of cost savings also stood out when leaders were asked what factors are the most important in their decision to outsource. While 52% of respondents said that “gaining access to people with specific skills / expertise” was critically important, the second and third most critically important factors include “saving on operational costs” (51%) and “saving on labor costs” (47%).

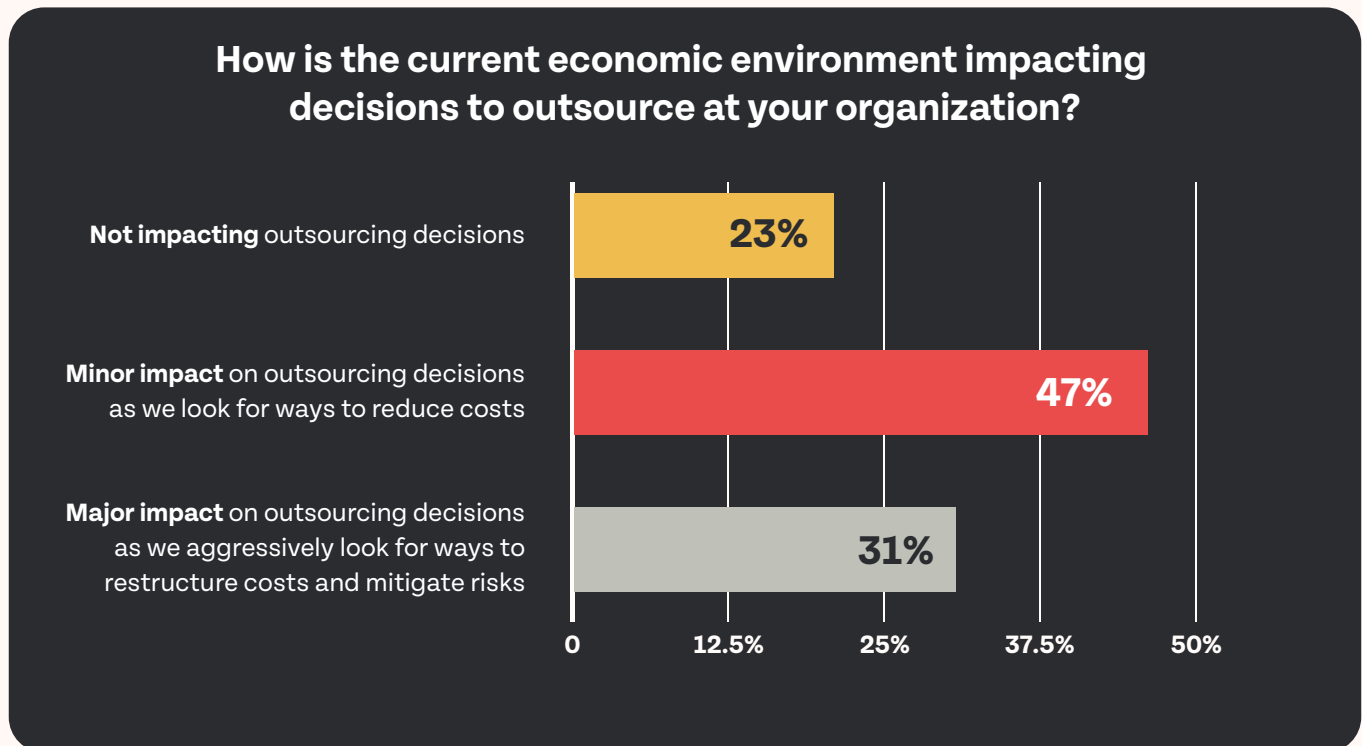
## The most common outsourcing challenges:

- **40%** Higher costs than expected
- **28%** Poor communication
- **24%** Difficulty finding the right vendor to fit your exact outsourcing needs



# Common Outsourcing Priorities and Considerations

It's clear that economic trends have an impact on outsourcing decisions. Almost half of respondents said that the current environment has a minor impact on their outsourcing decisions as they look for ways to reduce costs (47%), and 31% say it has had a major impact.



Money alone won't make outsourcing decisions, though. Organizations want cost savings, but not at the expense of excellent service. When asked how they measure the value of outsourced services, the top two answers that leaders chose were cost savings (59%) and service quality (51%).

These two measurements were also common answers when leaders shared what outcomes they've seen as a result of their outsourcing relationships: Reduced total cost (47%) and improved service quality (45%). It's clear that as organizations rethink their strategy to address modern trends and expectations, both cost savings and service quality are critical considerations.

*“Organizations want cost savings, but not at the expense of excellent service.”*

# Common Outsourcing Priorities and Considerations

Finally, we asked leaders an open-ended question about what changes they would like to see their outsourcing partner(s) make to their services or processes to make a positive impact on their overall outsourcing relationships or program. Their answers help provide additional insights into reasons why companies change outsourcing vendors.

Themes that came up often in answers include cost reduction, higher quality services, more reliability, upgrading technology, and better communication. One leader said, “I wish I could find [a vendor] that fits all my needs as a whole instead of having to use more than one.” This answer, in particular, highlights organizations’ desire to streamline their outsourcing strategy and find a partner that meets all their needs.

*“I wish I could find [a vendor] that fits all my needs as a whole instead of having to use more than one.”*

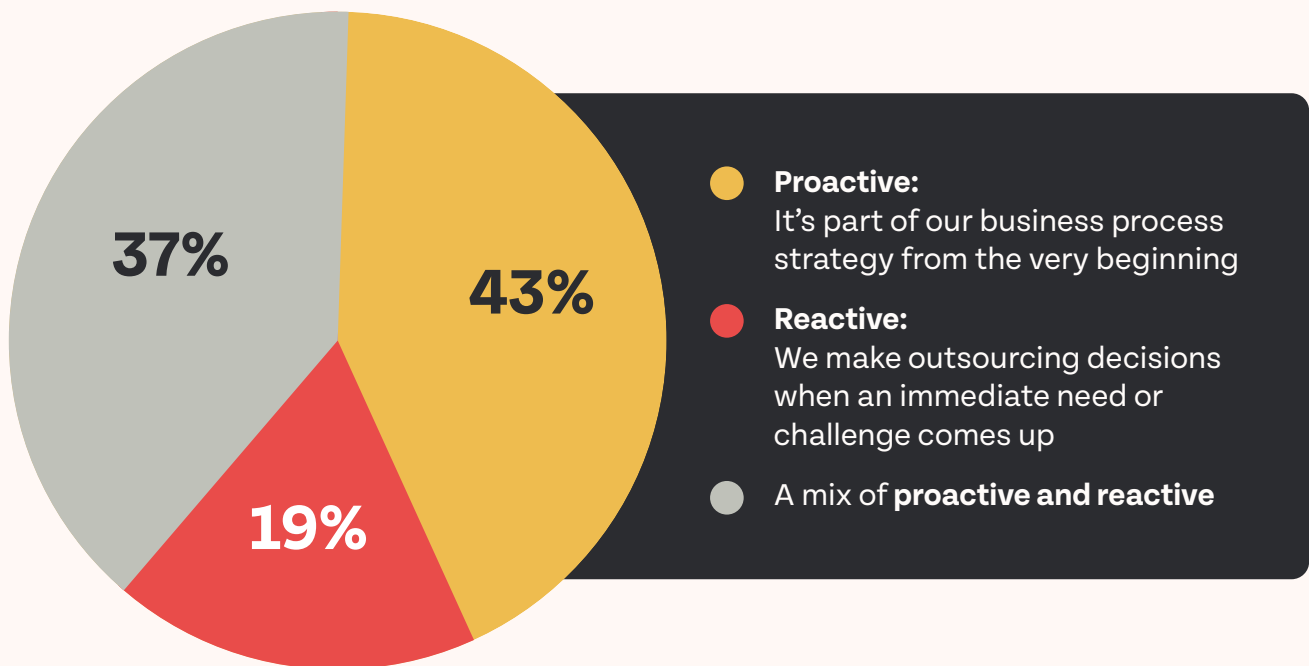


# Outsourcing Strategies

Many leaders (43%) said that they're proactive about including outsourcing in their business process strategy from the very beginning, but there's still room for improvement. More than a third (37%) also said that their outsourcing strategy is a blend of reactive and proactive decisions – leaving much to be desired.

Organizations should consider how they utilize outsourcing to further organizational goals rather than reacting to outside forces. Ultimately, this finding highlights the fact that companies should seek outsourcing partners who can help them be agile and proactive to best support the customer.

## How does your organization typically make outsourcing decisions?

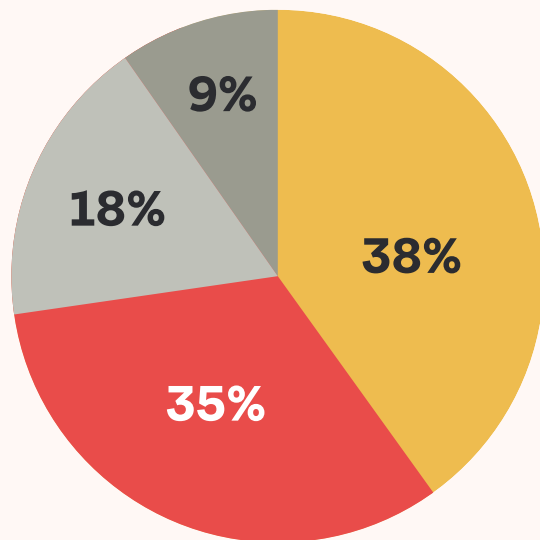


# How AI Is Transforming Outsourcing Decisions and Expectations

Artificial intelligence is the hot topic in every area of business, and outsourcing is no exception. Most respondents (73%) say that AI capabilities are moderately important or very important when they're considering outsourcing vendors, and most respondents say their current outsourcing vendor(s) have basic (41%) or advanced (37%) AI capabilities.

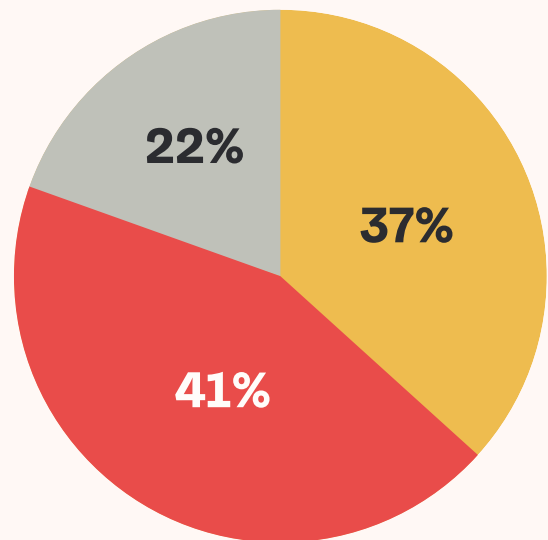
These findings could help explain why organizations switch vendors. With most leaders (63%) saying that their partner has either no AI capabilities or basic AI capabilities, it is likely that they're looking for a more innovative, advanced partner.

**How important of a feature is AI capability when you're considering outsourcing vendors?**



● Very important      ● Slightly important  
● Moderately important      ● Not at all important

**Does your current outsourcing partner(s) have AI capabilities?**



● Yes, it has many advanced AI capabilities  
● Yes, it has basic AI capabilities  
● No



# How AI Is Transforming Outsourcing Decisions and Expectations

AI also came up often when leaders shared answers to the open-ended question about the changes they'd like to see their outsourcing partners make.

“Overall our outsourcing partners are effective, but [they] need to implement more AI initiatives,” said one leader. Another said they want “more AI capabilities and easier integration tools to cut costs and training time.” A third indicated that their vendors have outdated processes, saying, “I would love for them to catch up on their technology to make the process go smoother.”

Essentially, leaders view AI as an important tool to increase efficiency and improve processes.

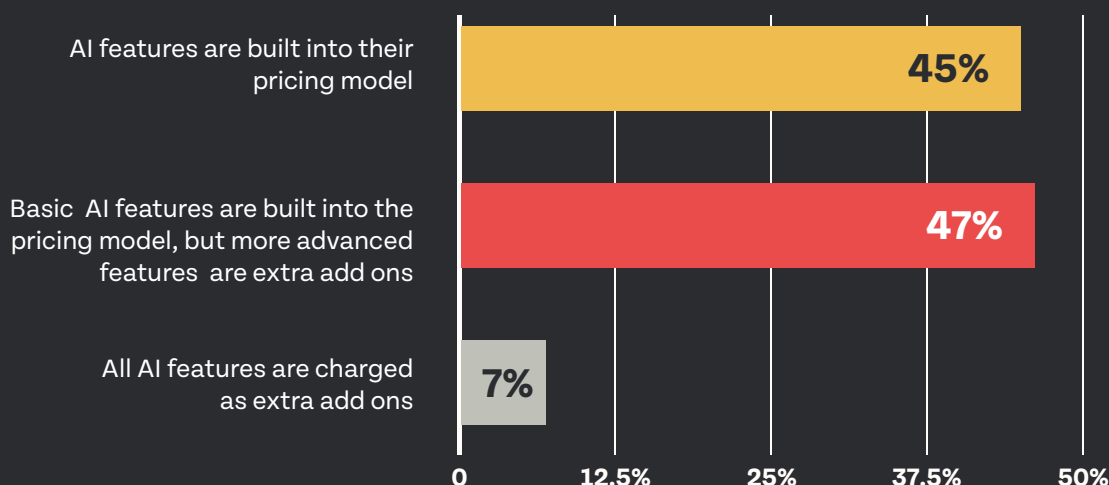
“Overall our outsourcing partners are effective, but [they] need to implement more AI initiatives.”



# AI Expectations in Outsourcing Vendors

Organizations want vendors that already have AI as an established part of their solution. Keeping up with the quick pace of change is important. In fact, most respondents expect that basic AI features (47%) or all AI features (45%) will be built into the pricing model for outsourcing vendors.

## How do you expect AI capabilities to be included in your outsourcing vendor services?



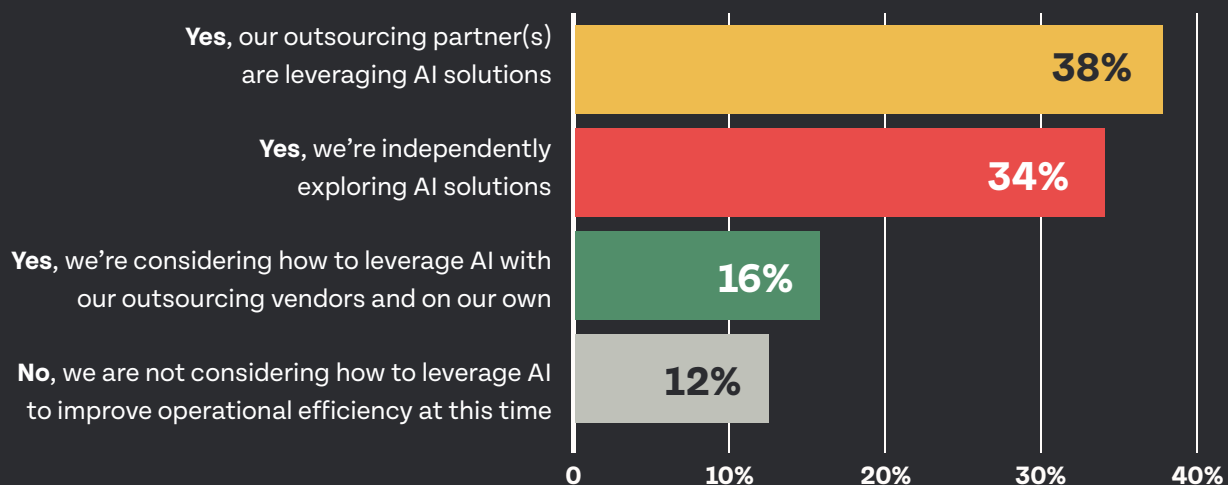
Leaders expect certain outcomes from AI, and there are many areas of business in which organizations are already benefiting from the use of AI in outsourcing.

“Organizations want vendors that already have AI as an established part of their solution.”

# AI Expectations in Outsourcing Vendors

When asked what AI capabilities their outsourcing vendors already use, the most common answers were “data entry and data processing” (41%), “automating simple tasks in the outsourcing process” (37%), and “streamlining operations” (34%). These answers highlight some of the ways AI in outsourcing is becoming normalized to some degree.

## Has your organization considered leveraging AI to improve the operational efficiency of your business functions?



There's room for further exploration though. These use cases are just the beginning. Most leaders (88%) are exploring how to use AI to improve the efficiency of their business functions – with or without their current outsourcing vendors. Almost as many are exploring this on their own as they are with their current vendors (34% vs. 38%).

This insight also helps explain why leaders might consider switching vendors. It's not enough to have a vendor that's simply satisfactory. Organizations want a partner that is forward-thinking and innovative with their AI strategy. They're doing thorough research, and they're not necessarily afraid to leave their vendor behind if they're not stepping up to the plate.

# How Tech Companies Are Embracing Outsourcing

The tech industry is generally seen as forward-thinking, innovative and quick to embrace – or develop – the latest trends. It also generally uses outsourcing more extensively.

**To what extent does your organization use outsourcing to contribute toward delivering customer experience and / or fulfilling business processes?**

	Tech organizations	Non-tech organizations
Occasionally, when we have a specific need	18%	34%
Yes, for one or two business processes where we have an ongoing need	17%	33%
Yes, we have several outsourcing partners who fulfill critical business processes	65%	28%

Most respondents in the tech industry (65%) say they have several outsourcing partners who fulfill critical business processes, compared to only 28% of everyone else. Further, when asked what type of outsourcing services they use, respondents in the tech sector were more likely to say yes for every type of outsourcing, including IT outsourcing (81% of tech companies vs. 59% of others), content creation outsourcing (45% vs. 29%), and data entry / processing outsourcing (47% vs. 28%). It's clear from this data that tech companies embrace outsourcing more aggressively.

# The Current State of Tech Companies

Tech companies were also slightly more likely to say they have a proactive outsourcing strategy than non-tech companies (46% vs 42%). Most tech companies that did not fit this category rely on a mixture of proactive and reactive strategies (40%), compared to 36% of non-tech companies.

This data highlights a surprising trend. We'd expect tech companies to generally be more reactive and adaptive to trends going on around them, due to the fast-moving nature of the industry and digital trends. However, data from the survey suggests that the tech sector could be settling down.

This theory is further supported by another question. When asked what guiding principles inform their current business strategy, only 38% of tech respondents said "growth at all costs" – a lower percentage than expected for the industry. Another 35% said "long-term sustainable growth," while 16% and 11% chose "fastest route to profitability" and "long-term profitability," respectively.

Together, these data points could indicate that trends such as inflation and shake-ups in the tech industry have shifted the majority of the tech sector away from this growth at all costs mindset and toward profitability and sustainable growth. As the tech industry matures, it's using outsourcing as part of its strategy for more long term success.

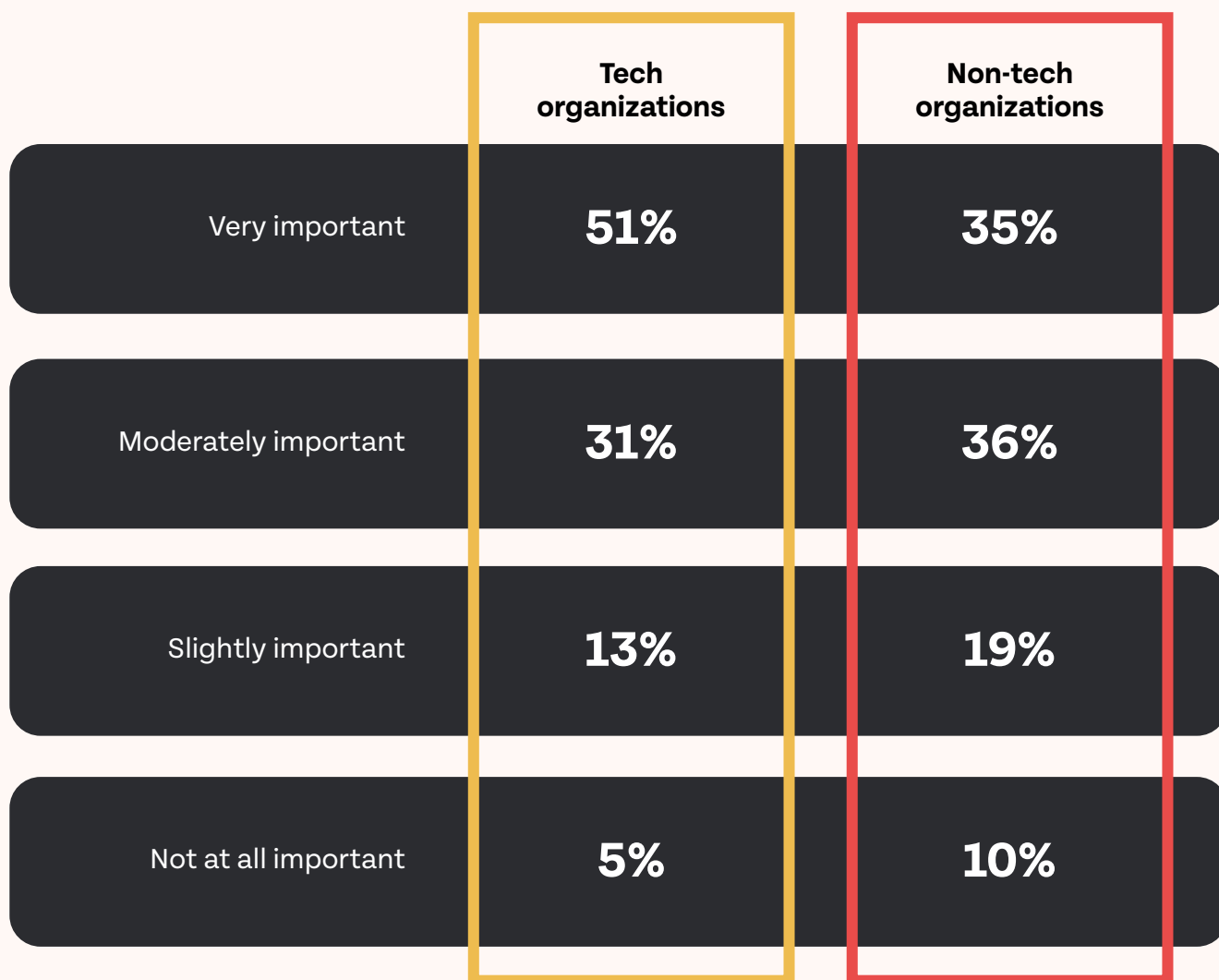


*“As the tech industry matures, it’s using outsourcing as part of its strategy for more long term success.”*

# Tech Companies Care More About AI

The tech sector is also more interested in the use of AI in outsourcing. A large majority (84%) said that AI capabilities are a very important or moderately important feature when considering outsourcing vendors, versus 71% of respondents in other industries. They're also more likely to report that their outsourcing partner(s) have many advanced AI capabilities (44% vs. 35%). In general, it appears that AI in outsourcing is a bigger priority for tech companies.

## How important of a feature is AI capability when you're considering outsourcing vendors?





# Tech Companies Care More About AI

Respondents from tech companies also have different pricing expectations from their partners. More than half (56%) said they expect advanced AI features to be built into their outsourcing vendor's pricing model, compared to 42% of non-tech respondents.

## How do you expect AI capabilities to be included in your outsourcing vendor services?

	Tech organizations	Non-tech organizations
AI features are built into their pricing model	56%	42%
Basic AI features are built into the pricing model, but more advanced features are extra add ons	37%	49%
All AI features are charged as extra add ons	7%	7%

One reason could be that since they're using more AI capabilities in general, they're also more likely to look out for partners who have features built into one model rather than needing to pay for advanced features. For organizations less active about pursuing AI, basic features could be sufficient.

As organizations seek to update their outsourcing decisions for the modern world, knowing what other companies are doing can help them create a strategy on the right track. The trends impacting outsourcing won't move backward. AI will continue to make a splash, and leaders will continue to consider how important innovations can impact cost and quality of outsourcing solutions. Moving forward, the organizations with the most successful outsourcing strategies will likely be those who are forward-thinking, innovative, and more focused on profitability and sustainable growth.

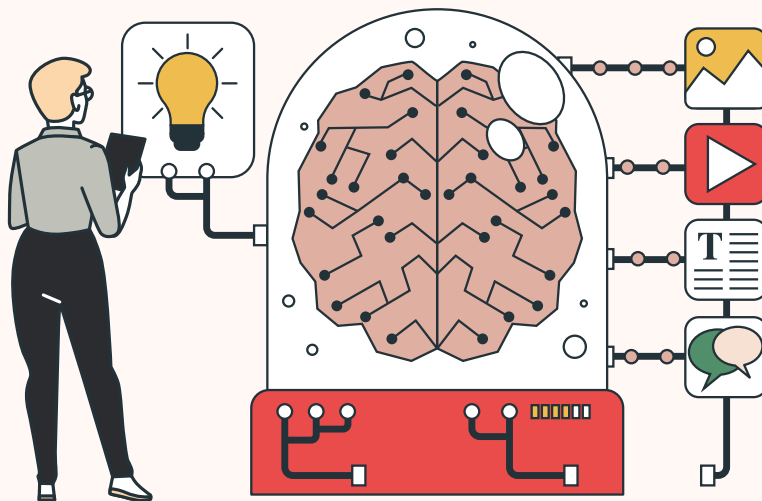
# Conclusion

**Organizations are willingly exploring new outsourcing vendors for relatively minor reasons, and they're choosing to embrace partners dedicated to delivering efficient, innovative services.**

This is especially important for tech companies that want to operate at the cutting edge. It's not enough to find an outsourcing partner that meets basic expectations. What matters most is finding a partner who continually innovates their services, leverages the latest technology, and maintains a sharp focus on delivering service quality excellence.

While many companies – especially in the tech sector – are taking charge of their outsourcing strategy and choosing new partners to meet their new goals, others have yet to take advantage of the opportunity.

Here lies the chance for companies to rethink their outsourcing strategy and proactively respond to recent trends. By taking steps to adopt a more well-informed, forward-thinking approach to outsourcing, organizations will be able to deploy more effective strategies and keep pace with the trends impacting industries everywhere.



*“What matters most is finding a partner who continually innovates their services, leverages the latest technology, and maintains a sharp focus on delivering service quality excellence.”*

# Appendix

## Demographics

### Title

State of Outsourcing

### Survey dates

December 2023

### Respondents

488

### Organizational size

Less than 1,000 employees: 62%

1,000-5,000 employees: 31%

5,000+ employees: 7%

### Career level

Director: 23%

Vice President: 5%

Senior Vice President: 4%

C-Suite, Owner, Partner: 68%

# About

### SupportNinja

SupportNinja was founded in 2015 to help the world's fastest growing companies solve for scale. By delivering agile, AI-enabled solutions, SupportNinja helps its clients free up resources, extend capacity, and accelerate growth. SupportNinja is on a mission to disrupt and redefine the outsourcing industry by standing out as a technology-forward, value-centric organization. Learn more at [supportninja.com](https://supportninja.com)

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# The *State* of Outsourcing:

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