



Insights from AFF's survey on

# Exploring outsourcing of processes to a BPO or managed services provider

March 2025



# Key Takeaways

In today's competitive landscape, the efficient allocation of resources and strategic outsourcing are pivotal for creating and maintaining an edge. Managed services or business process outsourcing (BPO) have become integral in enhancing operational efficiency and ensuring strategic focus

Our survey targeted senior executives across industries, to gauge their awareness and interests for outsourcing as strategic enabler or for cost optimization

## 1 Awareness of and interest in outsourcing

Majority of the respondents are well-acquainted with the concepts of BPO or managed services. This indicates a growing recognition of their potential benefits.

Of those surveyed, 74% of respondents have heard of or are aware of BPO or managed services and of those aware, 71% expressed interest in exploring outsourcing processes.

## 2 Key drivers for engaging BPO or managed services providers

Organizations are primarily interested in engaging BPO or managed services to focus on core business functions (43%). Other key motivations include cost efficiency (23%) and access to innovation and technology (22%).

A smaller portion seeks brand benefits (8%) that the service provider offers, with 3% citing other unique needs. This data underscores the varied, yet strategic reasons businesses are considering BPO or managed services.

## 3 Barriers to exploring outsourcing

Our survey identified several key barriers to exploring outsourcing. The most significant, cited by 38% of respondents, particularly from the manufacturing sector, is a strategic preference for insourcing, indicating a desire to maintain control and utilize internal capabilities. Technology risks and data confidentiality concerns follow at 31%, highlighting apprehensions about data breaches.

Trust issues with external providers affect 13%, reflecting doubts about vendor reliability. These findings underscore the need for service providers to emphasize data security, build trust through credible service records, and clearly articulate the cost benefits and strategic value of outsourcing.

## 4 Areas of interest

Finance Managed Services (27%) and Tax Managed Services (24%) are the top outsourcing choices, followed by Workforce (17%) and Supply Chain (14%) Managed Services. The survey highlights that Finance and Tax Managed Services are the top priorities for outsourcing, indicating a strong demand for streamlining financial and compliance-related functions. This suggests that organizations are keen on enhancing efficiency in areas deeply tied to their financial operations and regulatory compliance.

## 5 Timeframes for outsourcing

The expected timelines for engaging service providers varied considerably among respondents, ranging from immediate interest (44% of respondents) - spanning 3 to 6 months - to more deliberative approaches extending to 2 years (40% of respondents).

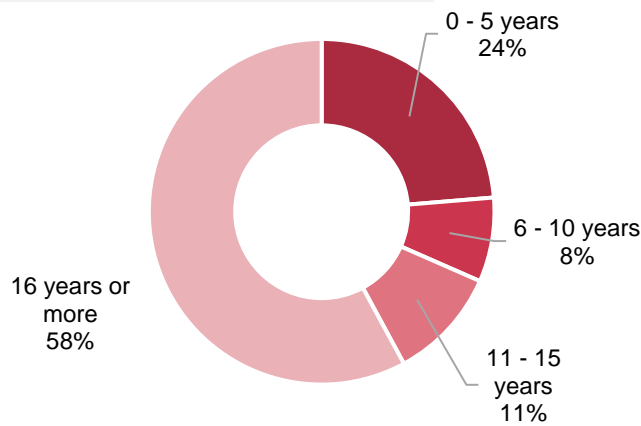
Different engagement timelines indicate varied strategic priorities and readiness levels among companies.

Manufacturing and IT sector respondents seem more inclined towards short-term engagements, possibly due to rapid technological advancements or competitive pressures requiring swift adaptation.

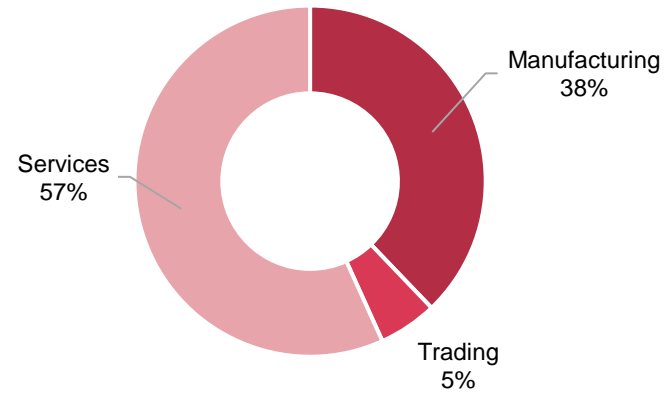
The survey respondents showcase diverse industry background, with 58% having over 16 years at their current organizations. The primary business focus is split between manufacturing and services, reflecting a diverse array of sectors.

Respondents profile

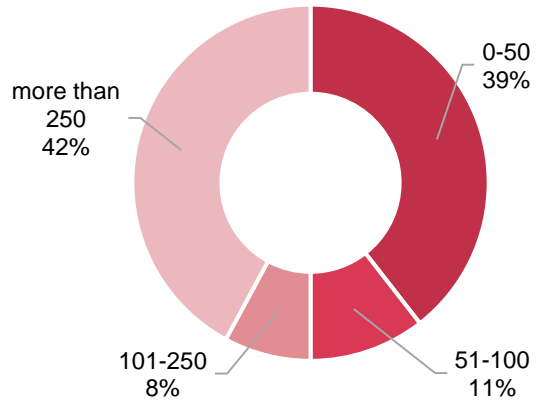
Years of experience in current organization



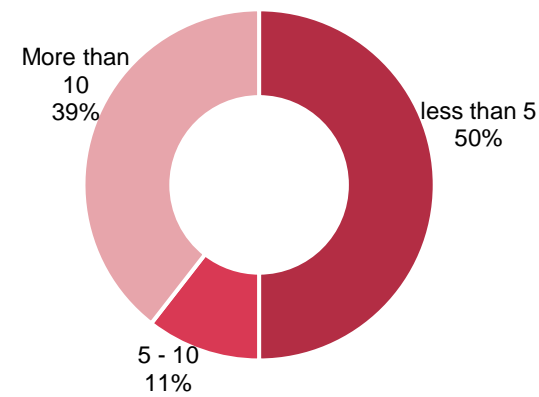
Nature of Business



Number of employees in organization

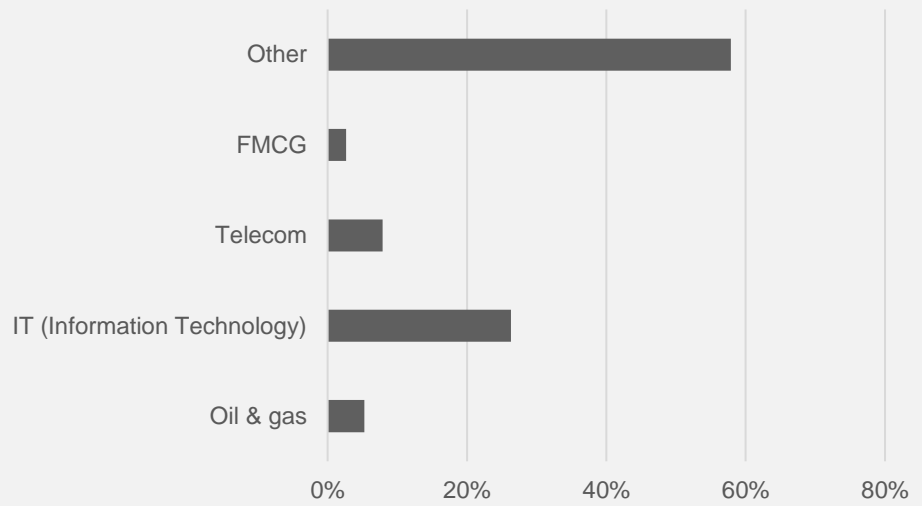


No. of finance and accounting staff

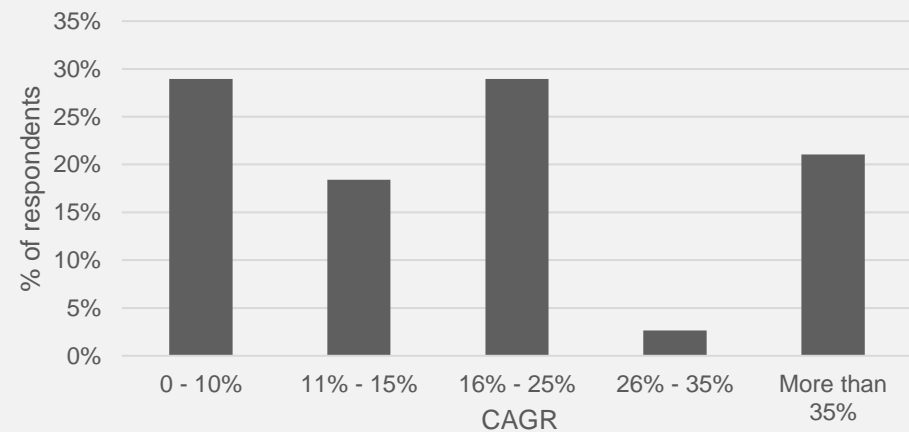


Industry profile

Industry type



Average business growth (CAGR) last 3 years



# Exploring outsourcing of processes to BPO or managed service providers

## 1 Awareness of and interest in outsourcing

Q. Have you heard of or aware of Business Process Outsourcing or Managed Services?



■ Yes ■ No

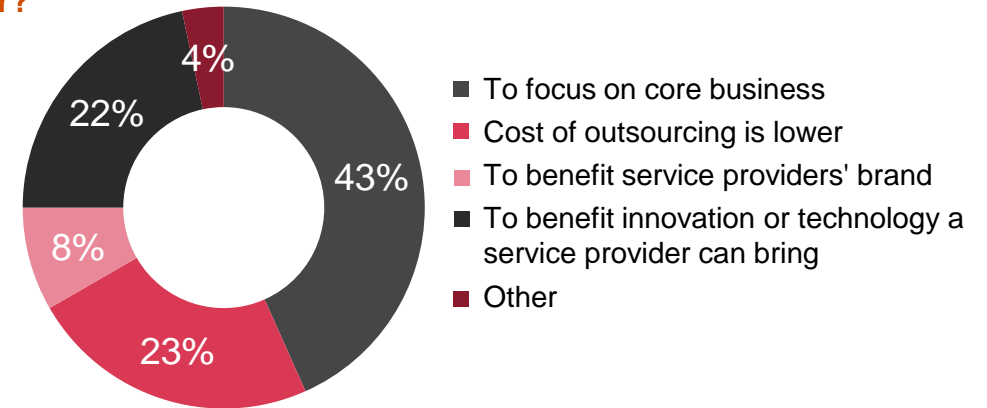
Q. Are you interested to explore outsourcing processes to a Managed Services/BPO provider?



■ Yes ■ No

## 2 Key drivers for engaging BPO or managed services providers

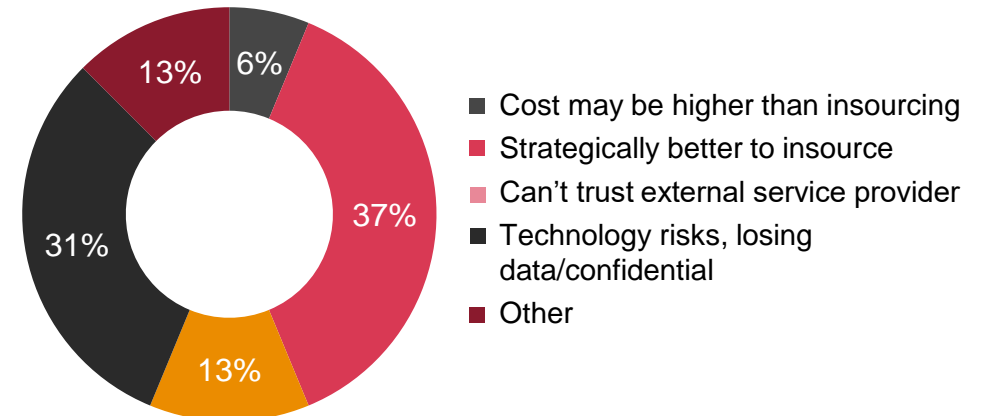
Q. What would be your key reason to engage BPO/managed services provider?



■ To focus on core business  
■ Cost of outsourcing is lower  
■ To benefit service providers' brand  
■ To benefit innovation or technology a service provider can bring  
■ Other

## 3 Barriers to exploring outsourcing

Q. What factors have led you to choose not to explore outsourcing your services to a managed services provider?

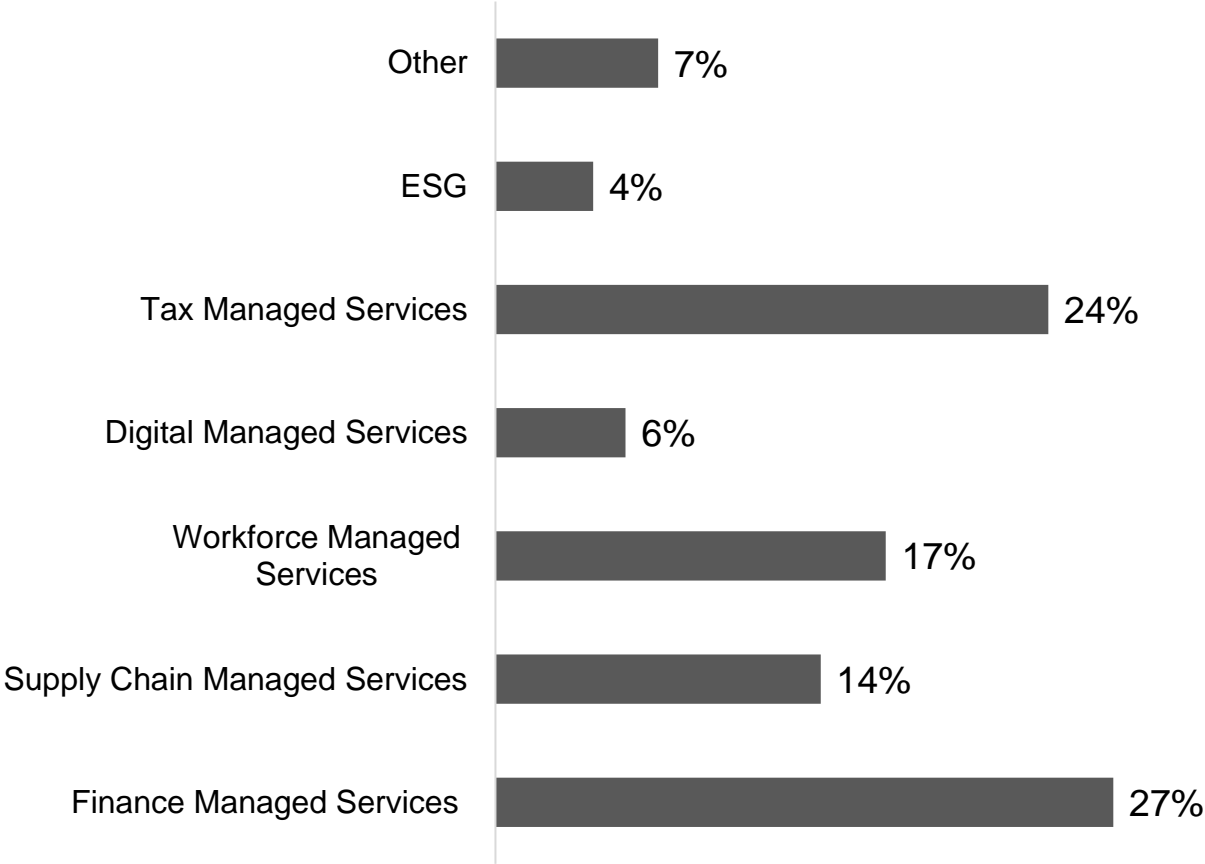


■ Cost may be higher than insourcing  
■ Strategically better to insource  
■ Can't trust external service provider  
■ Technology risks, losing data/confidential  
■ Other

# Exploring outsourcing of processes to BPO or managed service providers

## 4 Areas of interest

Q. What services or service portfolio you will like to outsource?



## 5 Timeframes for outsourcing

Q. How soon you wish to or anticipate engaging a BPO/managed services provider?

