

Viewpoint

Sourcing focus

The Future of IT Outsourcing: What Businesses Need to Know in 2025

The IT outsourcing landscape is changing faster than ever, driven by technological advancements, evolving priorities, and increasing expectations. For businesses relying on outsourcing, understanding these shifts isn't just helpful—it's essential. At Ascea, we've identified several key trends shaping the future of IT outsourcing in 2025. Each of these presents challenges, opportunities, and clear steps businesses can take to thrive in this new environment.

1. Cybersecurity: A Top Priority

With global cybercrime costs projected to reach \$10.5 trillion annually by 2025, according to Cybersecurity Ventures, cybersecurity is no longer just an IT issue—it's a critical business imperative. Outsourcing partners increasingly play a central role in protecting data, networks, and systems, but not all providers are equipped to meet the scale of today's threats.

Cyber risks extend beyond breaches to include compliance failures, loss of trust, and operational disruptions, which can have long-lasting consequences. As businesses become more reliant on interconnected systems, the stakes continue to rise.

Steps to take:

- Verify that potential partners have advanced cybersecurity certifications and a proven track record of safeguarding sensitive data.
- Include specific cybersecurity expectations in contracts, with clear penalties for non-compliance.
- Establish incident response protocols to ensure rapid recovery from potential breaches.

2. Outcome-Based Contracting: Shifting the Focus

Outcome-based contracting, where agreements are centred on measurable business results rather than outputs, is gaining traction as organisations demand greater accountability from outsourcing partners. Research from Deloitte for example, indicates that companies using outcome-focused agreements report improved alignment between provider performance and strategic goals.

This model is particularly relevant as businesses prioritise customer experience, innovation, and efficiency. By shifting the conversation from “how much work is done” to “what value is created,” companies can ensure their outsourcing partnerships drive meaningful impact.

Steps to take:

- Clearly define the outcomes you want to achieve, such as improved customer satisfaction or faster time-to-market.
- Build incentives into contracts to reward outcomes, not just effort.
- Review and refine metrics periodically to ensure they remain aligned with your evolving goals.

3. Sustainability and Supplier Diversity

Sustainability and supplier diversity are no longer optional. Stakeholders, employees, and customers increasingly expect businesses to demonstrate meaningful progress in these areas. Research from McKinsey shows that diverse suppliers can drive up to 30% higher innovation and agility, while organisations with robust sustainability practices report improved financial performance.

For outsourcing, this means evaluating providers not just on cost or capability but on their environmental and social impact. These criteria are becoming a key differentiator for forward-thinking businesses.

Steps to take:

- Evaluate providers based on sustainability metrics, such as energy efficiency and carbon-neutral operations.
- Include diversity requirements in RFPs and measure the impact of these initiatives over time.
- Collaborate with providers to create long-term strategies for environmental and social impact.

4. Data Management: The Foundation of Success

Data is the backbone of modern business decision-making, powering everything from predictive analytics to AI-driven insights. IDC predicts that by 2025, global data creation will exceed 180 zettabytes annually—a staggering amount that underscores the importance of effective data management.

Outsourcing partners play a critical role in this area, managing increasingly complex and sensitive datasets. The ability to extract meaningful insights while ensuring security and compliance is a differentiator for leading providers.

Steps to take:

- Build a robust data management strategy.
 - Partner with providers who have advanced capabilities in data governance and analytics.
 - Develop frameworks for regular data audits to ensure quality and compliance.
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5. Testing and Agility: Keeping Pace with Innovation

The rapid pace of technological advancement demands that businesses introduce new tools and systems quickly and efficiently. However, without robust testing frameworks, this can lead to costly errors and disruptions. According to a World Quality Report, 74% of organisations cite test automation as a critical factor in keeping pace with innovation.

Testing frameworks that are agile, scalable, and automated can help ensure that businesses remain competitive while minimising risk.

Steps to take:

- Build a robust testing strategy.
 - Adopt automated and continuous testing frameworks to keep pace with change.
 - Work with providers to co-develop test cases that reflect your unique operational needs.
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6. Spatial Computing: Bridging Physical and Digital Worlds

Spatial computing is emerging as a transformative force, integrating physical and digital environments through augmented reality (AR), virtual reality (VR), and advanced IoT technologies. Analysts forecast the spatial computing market to reach \$300 billion by 2025, driven by its potential to revolutionise industries such as healthcare, manufacturing, and retail.

For businesses, this technology opens new possibilities for collaboration, training, and customer engagement. However, its complexity requires outsourcing providers with specialised expertise.

Steps to take:

- Identify areas in your business where spatial computing can add value.
 - Explore pilot programs with outsourcing partners who have expertise in this area.
 - Stay informed on the latest advancements to maintain a competitive edge.
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7. Agentic AI: Autonomous and Intelligent Solutions

Agentic AI represents the cutting edge of artificial intelligence, enabling systems to make independent decisions and learn over time. By 2025, businesses are expected to invest heavily in AI capabilities, with PwC projecting that AI could contribute up to \$15.7 trillion to the global economy.

In outsourcing, agentic AI has the potential to automate complex processes, improve efficiency, and deliver insights that were previously unimaginable. However, businesses must carefully manage the ethical and operational challenges it presents.

Steps to take:

- Assess your current provider's AI capabilities and roadmap.
 - Pilot agentic AI applications in non-critical areas to understand their potential.
 - Develop internal expertise to complement and manage AI-driven outsourcing solutions.
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Final Thoughts

The future of IT outsourcing presents both challenges and opportunities. By understanding and addressing these trends proactively, businesses can build partnerships that drive innovation, growth, and resilience.

Strategic Questions

1. How well does your current outsourcing strategy align with your long-term business goals?
 2. Are your contracts flexible enough to accommodate the rapid pace of technological change?
 3. Which of these trends could have the greatest impact on your business, and how can you start preparing for it?
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Ascea is a business consultancy specialising in outsourcing, supporting **ALL** sizes of businesses. Our focus is to get sourcing delivered and delivering business change management outcomes to meet our clients' needs. Please get in touch if you think we can help you or you would like to learn more.

richard.cribb@ascea.co.uk