



NEW STUDY REVEALS WAYS THAT COMPANIES CAN GET BETTER RESULTS FROM IT OUTSOURCING

Benchmark Survey Finds Best-In-Class Companies Save More Money by Preparing More Effectively and Having a Comprehensive Plan to Manage

STAMFORD, CT – August 14, 2006 – While there continues to be a steady stream of news reporting dissatisfaction with poor performing IT outsourcing deals, a [new study](#) issued today by Aberdeen Group and lead sponsor Archstone Consulting, revealed that Best-In-Class outsourcers save more money and are more satisfied with their IT outsourcing deals. Yet, these Best-In-Class companies reportedly did not extend any extra effort managing their outsourcers than the companies that are struggling to get the value out of their outsourced IT functions.

The Aberdeen Group analysis of survey results found that although IT outsourcing is the form of outsourcing that has been around the longest, companies believe they have achieved only adequate results from IT outsourcing initiatives to date. However, the survey also revealed a path to better results. “Our survey found that many companies need to better manage the relationships they have with IT outsourcing providers, as well as manage their expectations from outsourcing IT work,” said Rick Saia, Aberdeen’s research analyst for information technology services and primary author of the report, *The Business Value of IT Outsourcing Benchmark Report*. “Companies that came out as Best in Class in this survey do a better job of this and, as a result, are experiencing higher payback.”

Best-in-Class companies achieve higher savings (21% vs. less than 5% for the identified Laggards) and report higher satisfaction levels with their outsourced IT functions. They work hard on setting the right expectations about outsourcing, are far more likely to use outside help — such as consultants and lawyers — to get a complete understanding of the outsourcing market (64% vs. 39% for all survey respondents), and do a better job of getting the details, such as pricing, service levels, and management processes right the first time.

Best-in-Class companies also do a better job of managing their outsourcing providers. “The study showed they tend to dedicate more management time and talent (69% vs. 37% for Laggards) and are more willing to engage their outsourcers’ senior executives at the first sign of trouble (50% vs. 22% for Laggards),” noted Eric Schlumpf, a Principal with Archstone Consulting.

“The study also found that internal resource limitations were among the top challenges to achieving business value from IT outsourcing. 42% of all respondents and 33% of Best-in-Class companies don’t believe they have the right IT skills or number of staff to manage their outsourced environments. Even more significant, the study uncovered that 47% of Best-in-Class companies found their executives spending more time than expected managing their outsourcing relationships,” stated Mark Peacock, a Principal with Archstone Consulting.

Aberdeen Group recommends that in order to optimize their results and investment, companies give IT outsourcing more up-front thought and effort, such as:

- Involving a cross-functional group of executives
- Engaging independent advisors who know the outsourcing market place
- Naming a single executive to own the task of getting business value from the outsourcing effort

As one survey respondent from a Best-in-Class company put it: “If you have decided (to outsource), you need to commit 110% to succeed in it.”

About the Survey

In June and July 2006, Aberdeen Group examined the issues, experiences and intentions of more than 130 enterprises around the world in information technology outsourcing from a variety of industries including technology, automotive, pharmaceuticals, apparel and telecommunications, among others. Click [here](#) for a copy of the survey.

About Archstone Consulting

Archstone Consulting is an independent strategy and operations management consultancy. Archstone Consulting specializes in strategic advice and operational improvements in the consumer packaged goods and retail, life sciences, manufacturing, and services sectors. Archstone Consulting offers unbiased advice, efficient execution and measurable results. Headquartered in Stamford, Connecticut, the company has offices in Amsterdam, Chicago, London, New York, San Francisco and Toronto. For additional information, please visit the company’s web site at www.archstoneconsulting.com.

About Aberdeen Group

Aberdeen Group, Inc provides fast-based research and insights focused on the global, technology-driven value chain. Aberdeen’s benchmarking, market and solution assessments, sales acceleration programs, and conferences support Global 5000 value chain and technology executives and the solution providers who serve them. For additional information, please visit the company’s website at www.aberdeen.com.

CONTACT:

Dori Abel
Archstone Consulting LLC
(203) 940-8221

Stacy Berns/Michael McMullan
Berns Communications Group
(212) 994-4660

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