

IT Outsourcing (ITO) - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2025 - 2030)

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Report description:

The IT Outsourcing Market size is estimated at USD 651.54 billion in 2025, and is expected to reach USD 850.73 billion by 2030, at a CAGR of 5.48% during the forecast period (2025-2030).

Key Highlights

- Information technology has become a competitive edge for most organizations. IT outsourcing has become more than a simple cost-reduction process with cloud migrations and cloud service options. Therefore, this new form is mainly driven by organizational motivations in terms of customer experience, business growth, and competitive disruption.
- More importantly, such a rise in preference among the newer and smaller organizations has led the key vendors of the market to increasingly concentrate on finding a way to integrate the offshore team with the on-site. Another critical aspect driven by small-scale players is the agility in vendor offerings, which refers to the time-to-market.
- There is a rise in demand by businesses to streamline business operations and focus on crucial activities that are revenue drivers, and outsource IT services for secure IT infrastructure enabling data protection. The businesses deploy market players' expertise in IT services to reduce organization-wide data-related risks. The BFSI sector is driving the market since recruiting specialists with advanced skills is time-consuming. To reduce the overall cost involved, the companies invest in outsourcing solutions.
- However, the lack of data security in cloud and server-based services is hindering the market's growth. Cloud-based services pose many specific security issues and challenges. Data is usually stored with a third-party provider and can be accessed over the internet in the cloud. This indicates that visibility and control over that data are limited. Nevertheless, growing demand for efficiency and scalable infrastructure and increasing cloud migration are driving the market.

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IT Outsourcing (ITO) Market Trends

BFSI to be the Largest End-user Vertical

- Banking, financial services, and insurance (BFSI) is one of the major end-user verticals experiencing significant change in technology adoption, mainly due to the conditions brought on by the pandemic and the evolving competitive landscape.
- Financial organizations are increasingly outsourcing their process and services to third parties. Banks are capable of outsourcing everything from mailing campaigns to payment processing. Banks can only survive and attract customers with a robust and comprehensive in-house IT department or trusted outside partners. For instance, in March 2023, Orion Innovation, a digital and product development firm, announced the acquisition of Banktech Software Services Ltd, a banking implementation partner for financial institutions that will complement Orion's financial services for expertise, open banking solutions, and implementation capabilities to Banktech.
- The BFSI industry is also shifting toward the cloud, which presents new market opportunities. According to a recent survey by Google Cloud, around 41.4% of global tech and business leaders planned to invest in cloud-based services to manage their workloads. Also, as per data by Flexera software, there was growth in IT spending in 2022 and 2023, and the software industry experienced 18% spending, followed by cloud services with 16% spending in 2023.
- Modern customers need more personalized and streamlined access to banks' services. The transition to omnichannel platforms, which provide seamless access for all devices, can be carried out by IT outsourcers. Moreover, such platforms facilitate real-time data collection and analysis so that financial institutions can improve customers' experience. Hence, such developments are driving IT outsourcing in the banks.
- Overall, the BFSI industry's demand for IT outsourcing services will be fueled by the need for advanced cybersecurity, digital transformation, growing regulatory compliance, and innovative solutions to meet evolving customer expectations and industry trends.

Asia-Pacific is Expected to Dominate the Market

- China is one of the significant outsourcing destinations in the Asia-Pacific. The outsourcing industry considers benefits that the majority of the companies in the United States find attractive. Reduction in development costs plays a critical role in retaining the actual benefits of outsourcing.
- China has made significant efforts to transition from (cheap) employment manufacturing to high-end industrial production through digitization and industrialization. According to data from the Ministry of Commerce, China's outsourcing industry grew in 2023. The firms signed outsourcing contracts of USD 404 billion, a 17.6% growth from last year.
- India is a considerably mature global IT outsourcing destination with a vast range of options. IT outsourcing companies in the country are rapidly expanding operations worldwide due to an increasing demand for skilled software developers. The cost aspect and talented skill pool have played a critical role in ensuring the nation's dominance in the market.
- In Japan, based on recent technological advancements in IT, the scope of IT outsourcing in the country's business sector has expanded to include cloud computing, data protection, and cybersecurity. Owing to the ability to provide business functionality without the need for substantial infrastructure investment, cloud-computing services are increasingly being utilized.
- Overall, the countries in the region are expected to gain significantly in the coming years as the market continues to develop. In addition, the data center buildings in the region have fueled a significant demand. Also, with the data center market on the verge of maturing, significant revenues in upgrading infrastructure have been poised to develop IT outsourcing in the region.

IT Outsourcing (ITO) Market Overview

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The IT outsourcing market exhibits significant fragmentation, featuring key industry players such as IBM Corporation, DXC Technologies, Accenture PLC, NTT Corporation, and Infosys Limited. These market participants employ various strategies, such as forming partnerships and pursuing acquisitions, to bolster their product portfolios and establish sustainable competitive advantages.

- In November 2023, DXC Technology, a global technology service company, and ServiceNow, a digital workflow company, announced a strategic partnership to transform customer service and workflow management globally. They aim to integrate ServiceNow's advanced analytics and AI from its ITSM Pro and process mining solutions into DXC platform X to drive innovation for joint customers.
- In July 2023, NTT DATA (global digital business and IT service leader) announced the launch of an outsourcing service for security management to prevent cyber attack incidents and minimize damage when incidents occur. The service was launched in Japan in July 2023 and expanded worldwide within the fiscal year (March 2024).
- In June 2023, Infosys acquired Danske Bank's IT operation in India, part of an IT outsourcing contract worth USD 454 million over five years, to focus on its digital transformation. Through this contract, the company introduced generative artificial intelligence into the services.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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