

Reimagining outsourcing.

Rethink, realign, reinvent.



Outsourcing arrangements must adhere to relevant GRC requirements, including data protection regulations (e.g., General Data Protection Regulation [GDPR], the California Consumer Privacy Act [CCPA]) industry-specific compliance standards (e.g., Payment Card Industry Data Security Standard (PCI DSS) for the payment card industry), and cybersecurity frameworks (e.g., National Institute of Standards and Technology (NIST), Cybersecurity Framework, ISO 27001).

Technology-enabled solutions play a critical role in addressing key outsourcing considerations. These solutions leverage technological advancements to achieve efficiency, effectiveness, and risk management in outsourcing arrangements, while also addressing the need for technology modernisation, which is vital in this context.

As the technology landscape rapidly evolves businesses need to assess the alignment of outsourcing arrangements with emerging technologies such as artificial intelligence (AI), blockchain, the Internet of Things (IoT) and cybersecurity solutions. Outsourcing partners require the expertise and capabilities to implement at and support these technologies effectively.

Governance, risk and compliance (GRC) standards are continuously evolving in response to regulatory changes, cybersecurity threats, and data privacy concerns. With increasing concerns around data security and privacy, ensuring outsourcing partners have robust measures in place to protect sensitive information is vital. This includes data encryption, access controls, regular security audits, and compliance with relevant data protection regulations. The current economic and geopolitical climate has heightened concerns about supply chain risks, including disruptions due to geopolitical tensions, natural disasters, and cybersecurity incidents. Businesses need to assess the resilience of outsourcing partner supply chains and implement contingency plans to mitigate potential disruptions. Economic uncertainties and fluctuations in currency exchange rates impact the cost-effectiveness of outsourcing. Thorough cost-benefit analyses considering labour and operational costs as well as potential benefits of outsourcing versus in-house operations, need regular assessment. Geopolitical factors including trade tensions, sanctions, and political stability, can affect the stability and reliability of outsourcing partners, particularly those in geopolitically sensitive regions. Businesses should assess geopolitical risks and consider outsourcing portfolios to minimise exposure to geopolitical uncertainties. Aligning outsourcing decisions to strategic objectives and long-term goals, involves assessing whether outsourcing arrangements support core business functions, enhance competitive advantage, and facilitate growth in target markets. Clear, comprehensive, and adaptable contracts are essential to define the rights, responsibilities, and obligations of both parties in outsourcing arrangements, addressing service levels, performance metrics, dispute resolution mechanisms, intellectual property rights, and exit strategies. Overall, outsourcing decisions in light of emerging technology evolving GRC standards and the current geopolitical climate require careful consideration of factors such as emerging technology adoption, GRC compliance, data security and privacy, supply chain management, cost considerations, geopolitical issues, strategic alignment, and contractual considerations.

Technology – the critical enabler

Technology-enabled solutions streamline and automate processes, enabling outsourcing partners to deliver services more efficiently and effectively. By modernising technology infrastructure and adopting digital tools, businesses can drive collaboration, communication, and workflow management with outsourcing partners, leading to faster turnaround times and higher quality outcomes. Technology solutions also enhance risk management capabilities providing real-time visibility, predictive analytics, and automated compliance monitoring. By upgrading to modern GRC platforms and cybersecurity technologies, businesses can better identify, assess, and mitigate risks associated with outsourcing, including data breaches, compliance violations, and supply chain disruptions. Technology modernisation enables cost optimisation in outsourcing arrangements reducing operational overhead, improving resource utilisation, and ensuring scalable solutions. Cloud computing for example offers cost effective infrastructure solutions that scale according to demand, eliminating the need for costly on-premises hardware investments.

Modern technology solutions support geographic diversification and resilience in outsourcing operations, mitigating geopolitical risks. Cloud-based infrastructure, virtual collaboration tools, and remote work technologies enable distributed teams to collaborate seamlessly across different locations, reducing dependency on specific geopolitical regions and ensuring business continuity in the face of geopolitical uncertainties. Technology modernisation fosters agility and innovation in outsourcing arrangements, enabling businesses to respond quickly to changing market dynamics and customer needs.

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Furthermore, automation tools and AI driven analytics optimise resource allocation and process efficiency, potentially further reducing operational costs. Addressing technology modernisation and unlocking adaptability also ensures businesses are equipped to leverage emerging technologies effectively in outsourcing arrangements. Upgrading legacy systems and adopting modern architectures, such as microservices and containerisation, enables the seamless integration of new technologies like AI, blockchain, and IoT, enhancing competitiveness, and future-proofing outsourcing arrangements against technological obsolescence. By modernising technology infrastructure and adopting agile development methodologies, businesses can accelerate product development cycles, experiment with new solutions and drive continuous improvement in outsourcing operations.

In summary, addressing technology modernisation is vital in outsourcing to leverage technology-enabled solutions effectively by addressing key considerations such as emerging technology adoption, evolving GRC standards, and the current economic and geopolitical climate. Modernising technology infrastructure enhances efficiency, improves risk management capabilities, optimises costs, enables adaptability to emerging technologies, mitigates geopolitical risks, and fosters agility and innovation in outsourcing operations.

About the Author



Dr. Alex Kokkonen is a senior researcher and advisor for DXC, working with customers to solve their most pressing business issues via research-led advisory interventions. With over 25 years of experience, Alex brings extensive international and multi-industry experience from working in a variety of multidisciplinary leadership positions and diverse cultural settings for major blue-chip companies. Connect with Alex on **LinkedIn** and **X** (previously known as Twitter).

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