What trends offer opportunities on the European outsourcing market?

There are many promising trends in the European outsourcing market. Your main opportunities lie in sectors such as big data, mobile and social, as well as in the Internet of Things, virtual and augmented reality, blockchain and graphic design.

Hyper-scale cloud services that provide massive storage, analysis tools and algorithms have particularly fuelled this development. Examples include Amazon Web Services, Microsoft Azure and Google.

However, doing this effectively takes time and resources. Outsourcing this work or parts of it allows companies to stay focused on their core business, while receiving new insights.

Still, cloud-based data collection services and tools do offer opportunities.

New General Data Protection Regulation makes you responsible

Europe's new General Data Protection Regulation (GDPR) came into effect on 25 May 2018. This regulation is designed to protect individuals in Europe from privacy and data breaches. Under the GDPR, any company or individual that processes data is also responsible for its protection. The regulation applies to all companies processing the personal data of persons in Europe, regardless of the company's location. This means it also applies to you directly.

The personal data this regulation protects can range from a name or email address, to bank details, social media content, photos or even an IP address, among other data. Some key consumer rights you must comply with include consent, right to access, data portability and the right to be forgotten. You also need to practice privacy by design, meaning data protection should be included from the onset of designing systems.

Tips:

- If you process data of persons in the EU, regardless of where you are in the world, make sure you comply with the GDPR.

- For more information on the GDPR (and other EU legislation), see our study about buyer requirements on the European outsourcing market.

There is an increasing demand for mobile application development. At the same time, this market is under pressure from a lack of well-educated, experienced professionals.

This offers interesting opportunities for providers from developing countries. Being able to pay relatively lower wages than those in Europe, you can provide such services at a lower price than service providers in the EU.

The market for standard and consumer mobile application development may soon become saturated. There are so many generic apps available — general purpose apps not developed for any particular type of business — that it becomes difficult for developers to generate substantial revenue. Your most promising strategy would therefore be to develop tailor-made mobile

applications, focusing on niche market segments and company-specific applications. For more information, see our study about mobile application services.

- relationship networks - Facebook, LinkedIn
- blogs and microblogs - Twitter, Tumblr
- multimedia communities - Instagram, YouTube, Pinterest
- discussion forums

Language skills are often essential for social media services. Therefore, most social media services are outsourced to local providers. For more information, see our study about social media services.

Smart domestic systems and services

Not only mobile phones and computers, but also all kinds of devices, including appliances, vehicles and various personal electronics are connected to the Internet. This allows them to collect, send and receive data, making these devices 'smart'. By collecting and analysing data from a wide range of sensors, broader applications like smart buildings become possible.

As of 2018, there are an estimated 11.2 billion connected 'things' in use. Gartner projects this number could be as large as 20.5 billion connections by 2020, of which about 6 billion in Europe.

More than 65% of businesses are expected to use IoT products by 2020, compared to 30% in 2017. According to the Vodafone IoT Barometer 2016, 55% of businesses consider the Internet of Things an integral part of their Business Process Outsourcing. A relatively significant share of connected things, around 37%, are business devices. However, since 2018 cross-industry devices are the majority. For more information, see our study about the Internet of Things.

The Industrial Internet of Things

Industrial IoT systems connect non-consumer devices, which organisations such as companies, government and utilities use in their service delivery, to improve operational efficiency. In manufacturing, industrial IoT systems can connect the components of a production process in a factory. Their purpose is to allow for 'smart manufacturing', where cyber-physical systems monitor physical processes and make decentralised decisions. These devices help businesses:

- boost revenues by increasing productivity and creating new hybrid business models;
- transform and empower their workforce.

Augmented Reality

Augmented Reality (AR) technology overlays computer-generated information over a live scene in a real environment. Statista, for instance, expects the VR and AR market size to increase from €5 million in 2016, to €20 million in 2018, to €180 million in 2020. Be curious and proactive in seeking out (or developing) innovative technology.

- VR/AR technologies are expected to take over or add value to many parts of existing interfaces, such as shopping, education, property and some forms of live entertainment.
- For more information, see our study about virtual reality and augmented reality.

Businesses often outsource this type of work to save costs and because they do not have the in-house skills.

- For more information, see our study about graphic design services.

Blockchain technology is put into practice

Originally created to record cryptocurrency transactions, blockchain is currently a hot topic. This technology stores and distributes digital information by linking several records (blocks) into an encrypted ledger (chain). It is therefore also known as a Distributed Ledger System (DLS).

A blockchain is stored across many computers in a peer-to-peer network, making it virtually impossible to alter, and hence secure. The larger the network the blockchain involves, the more incorruptible it becomes.

While blockchain technology is not yet widely applied, many industry experts believe it has great potential. Deloitte's 2018 Global Blockchain Survey reports that 74% of organisations see a 'compelling business case' for the use of blockchain. Thirty-four percent of the respondents said they had initiated blockchain deployment and a further 41% expect to do so within a year. In contrast, Gartner's 2018 CIO Survey indicates an entirely different scenario: 77% of the organisations surveyed are not interested in or do not plan to use blockchain, only 1% are currently using it and another 8% have short-term plans to do so. These contrasting indicators illustrate the continuing discussion about blockchain being either a hype or an opportunity.

The fact that data in a blockchain cannot be altered is the technology's main appeal, but it also poses a challenge for the European market. The new EU General Data Protection Regulation (GDPR) gives individuals in Europe the 'right to be forgotten', meaning they are entitled to have their personal data erased. That requirement alone is obviously incompatible with blockchain technology. This is a key issue for blockchain's proponents to resolve in relation to the European market.

Tips:

- Keep up-to-date on the developments regarding blockchain, its practical uses and GDPR-compliance.

- For more information, see our study about blockchain.

There is a considerable Information Technology skills shortage in the European job market. The European Commission expects there could be up to 756,000 unfilled vacancies for IT professionals by 2020. Because of this, 40% of European companies have difficulties finding IT specialists.

- For medium and long-term technology trends, check Gartner's emerging technology hype cycles.
- For more information, see our study about buyer requirements on the European outsourcing market.
- Focus on building up a partnership with European buyers.
- Invest in a solid Service Level Agreement (SLA).

Please review our market information disclaimer.

Follow us for the latest updates

Twitter

Facebook