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IT Procurement in UK Financial Services

PREPARED BY

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Introduction

This report presents findings on procurement trends in UK Financial Services based on research conducted and analysed by Responsiv.

The primary purpose of the research was to identify the challenges and priorities currently faced by Financial Services in the UK. A secondary purpose was to understand the ways these organisations procure their IT solutions.

The survey interviewed 200 individuals working in Investment Banking, Retail Banking, Mutual Societies, and Insurance, in IT and C-Suite roles.

Read the other reports in this series:

- [IT Challenges and Priorities in UK Financial Services](#)
- [IT Hypotheses in UK Financial Services](#)

Findings

These are findings from the Responsiv research survey relating to procurement of IT.

These graphs look at responses from different perspectives/ vectors.

53%

of respondents like to change vendors from time to time to bring in new ideas (general perspective)

25%

of respondents consider the cost of maintenance to be a concern with their vendor strategy

46%

of respondents would look to change vendors if a current supplier was failing to deliver

64%

of respondents have **not** changed IT suppliers in the last 12 months (Oct 2024)

34%

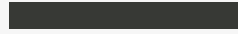
of respondents consider increasing the generally available IT manpower as a main reason for using external services

47%

of respondents consider hidden costs to be a concern when changing suppliers

Finding 1

New vendors are brought in from time to time to bring new ideas to the company



53% of respondents consider their company's general perspective on changing IT suppliers to include changing suppliers from time to time to bring in new ideas (single-choice).

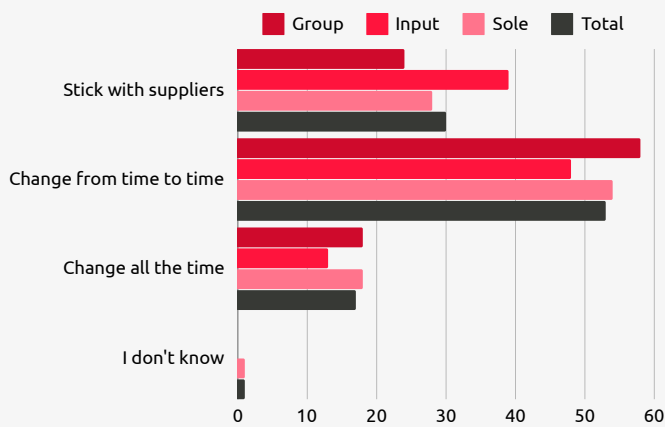


Figure 1: What is your company's general perspective on changing IT suppliers? By decision-making role (single-choice) (%)

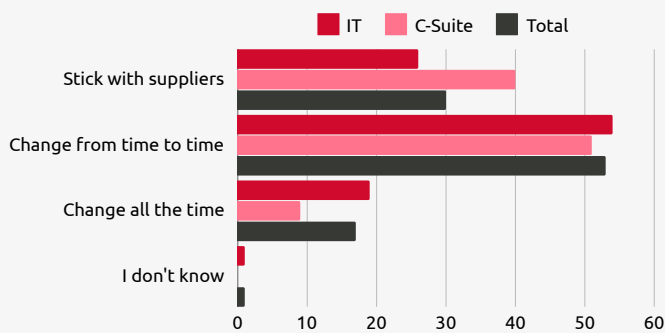


Figure 2: What is your company's general perspective on changing IT suppliers? By job function (single-choice) (%)

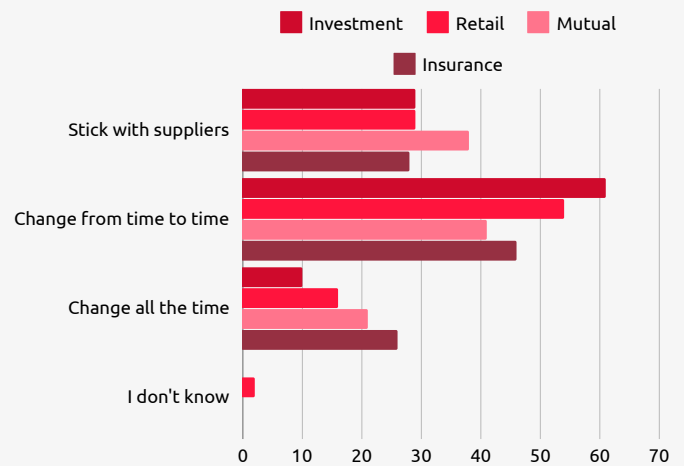


Figure 3: What is your company's general perspective on changing IT suppliers? By sector (single-choice) (%)

All sectors 'agree' that they tend to change suppliers from time to time to bring in new ideas. Proportionately, Investment Bank respondents do this more than the other sectors, who are more inclined to change suppliers more frequently (all the time).

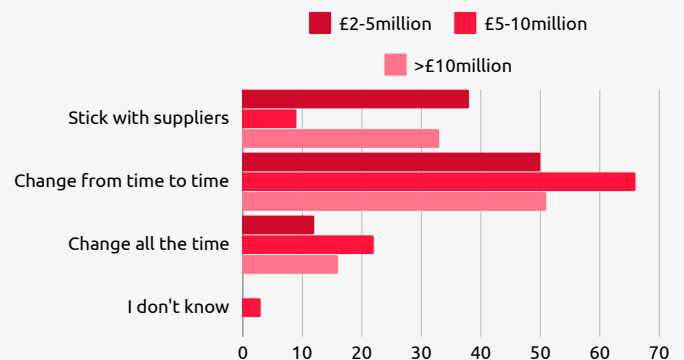


Figure 4: What is your company's general perspective on changing IT suppliers? By revenue size (single-choice) (%)

Finding 2

Current suppliers failing to deliver is one of the main reasons respondents look for new IT vendors

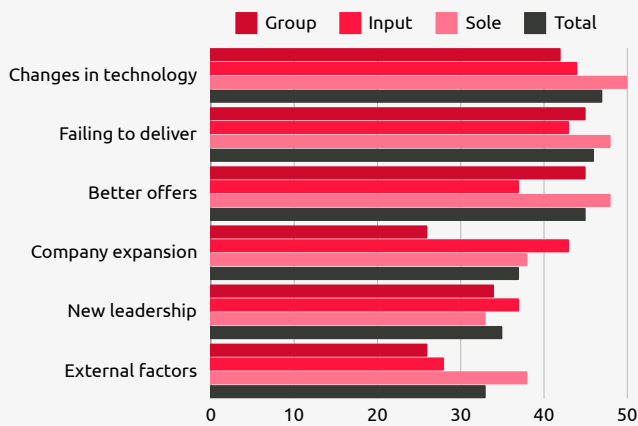
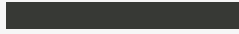


Figure 5: What would make you look for a new IT provider? By decision-making role (multiple-choice) (%)

50% of sole decision-makers and 44% of those who make decisions with input from others look to change suppliers in favour of new technologies that serve their needs.

This is the most frequently chosen response by these groups, compared with 45% of group decision-makers who would look to change due to failure to deliver.

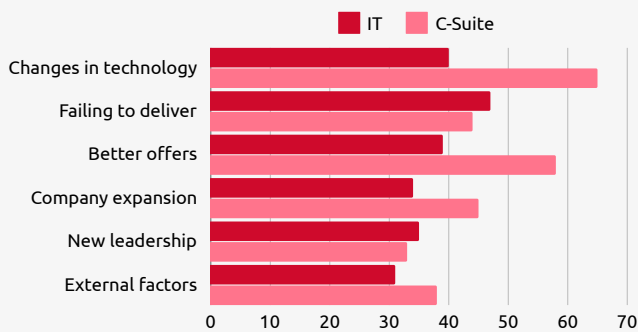


Figure 6: What would make you look for a new IT provider? By job function (multiple-choice) (%)

C-Suite are less likely to change suppliers due to failure to deliver than those with an IT job function.

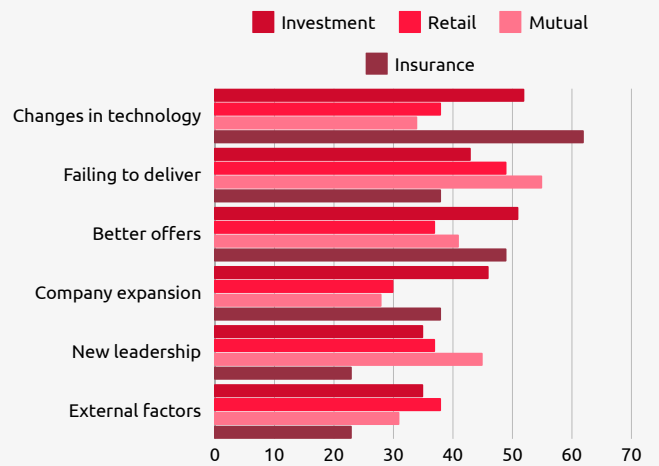


Figure 7: What would make you look for a new IT provider? By sector (multiple-choice) (%)

Insurance respondents (62%) are more likely to change suppliers for technological purposes than other sectors.

Mutual Societies (45%) are more likely to change due to new leadership compared to other sector respondents.

Investment Bank (51%) and Insurance (49%) respondents are more concerned with getting better offers than Retail Bank and Mutual Society respondents.

Finding 3

Increasing the generally available IT manpower, the cost-effectiveness of setting up/delivering specific solutions, and expanding IT expertise tie for the main reasons for using external services

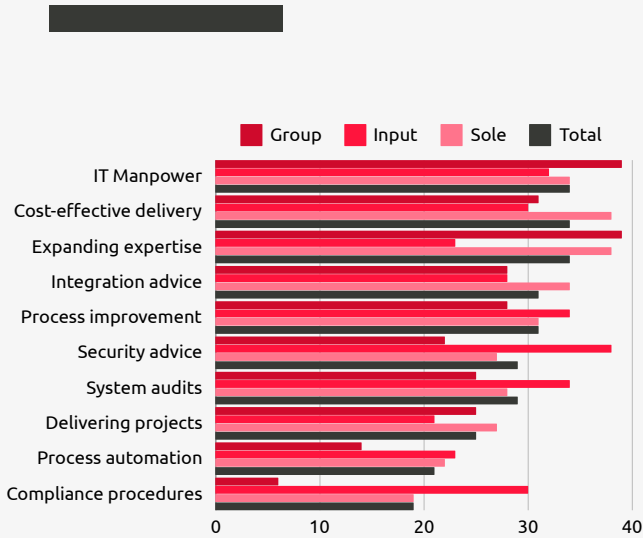


Figure 8: What are the main reasons for using external services? By decision-making role (multiple-choice) (%)

Increasing IT manpower and expanding IT expertise are the main reasons selected by group decision-makers (39%) to use external services.

Process improvement is the most frequent selection for C-Suite respondents (44%).

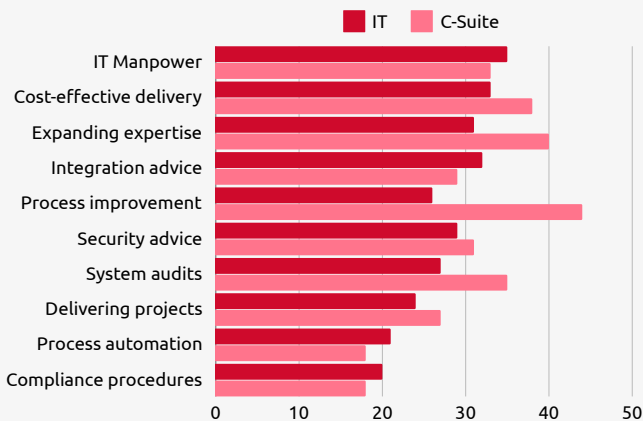


Figure 9: What are the main reasons for using external services? By job function (multiple-choice) (%)

45% of respondents with 50-249 employees selected 'increasing IT manpower as the main reason for utilising external services.

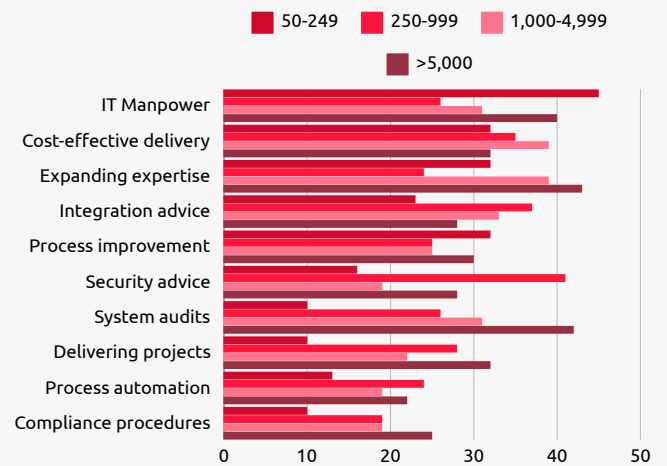


Figure 10: What are the main reasons for using external services? By employee size (multiple-choice) (%)

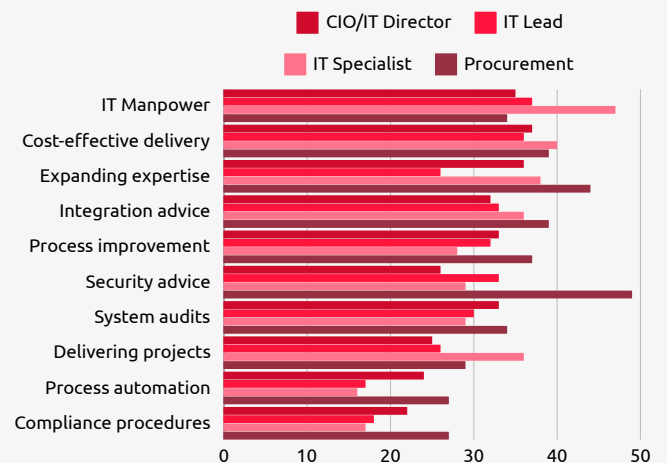


Figure 11: What are the main reasons for using external services? By IT budget holders (multiple-choice) (%)

Finding 4

Expensive maintenance costs are a concern for those using strategic IT vendors

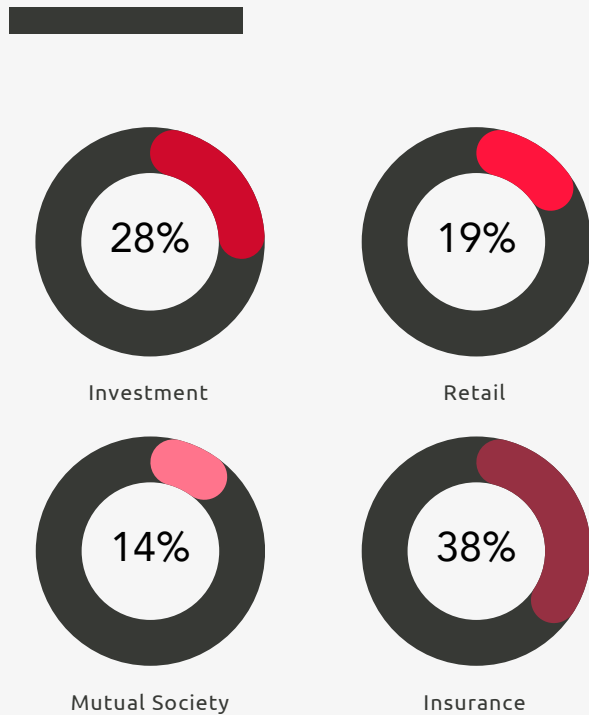


Figure 12: What concerns you about your vendor strategy? 'Maintenance is expensive' (multiple choice) (%)

Insurance respondents selected maintenance costs as a concern more frequently than other sectors (38%).

IT respondents are more frequently concerned about maintenance costs associated with their strategic vendors than those in a C-Suite role.

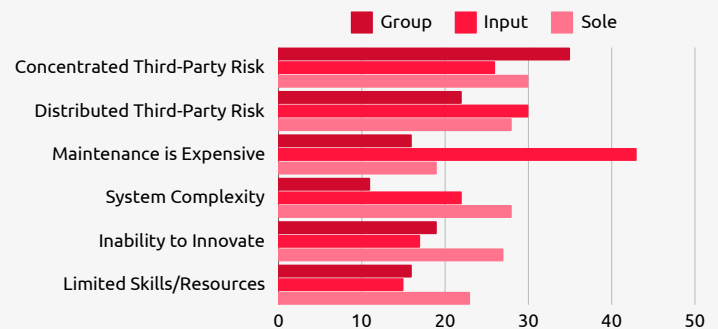


Figure 14: What concerns you about your vendor strategy? 'Maintenance is expensive' By decision-making role (multiple-choice) (%)

Those who make decisions with input from others are more frequently concerned with maintenance costs (43%) than their group and sole decision-maker counterparts.

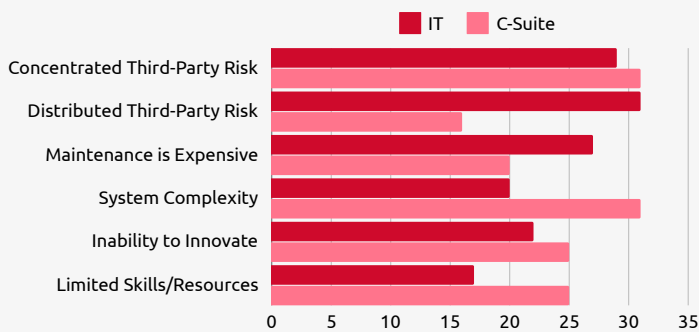


Figure 13: What concerns you about your vendor strategy? 'Maintenance is expensive' By job function (multiple-choice) (%)

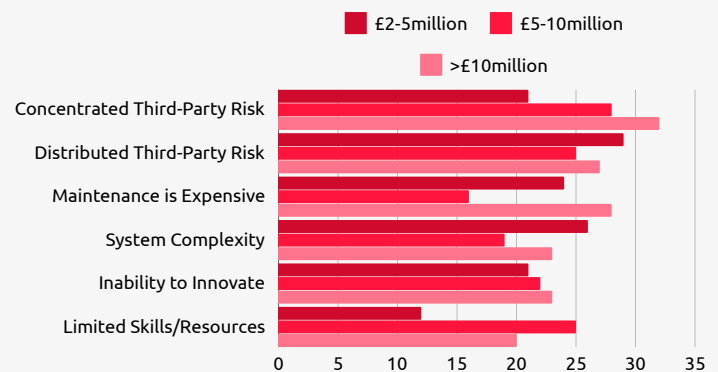


Figure 15: What concerns you about your vendor strategy? 'Maintenance is expensive' By company size - revenue (multiple-choice) (%)

Finding 5

Have you changed IT suppliers in the last 12 months (Oct 2024)

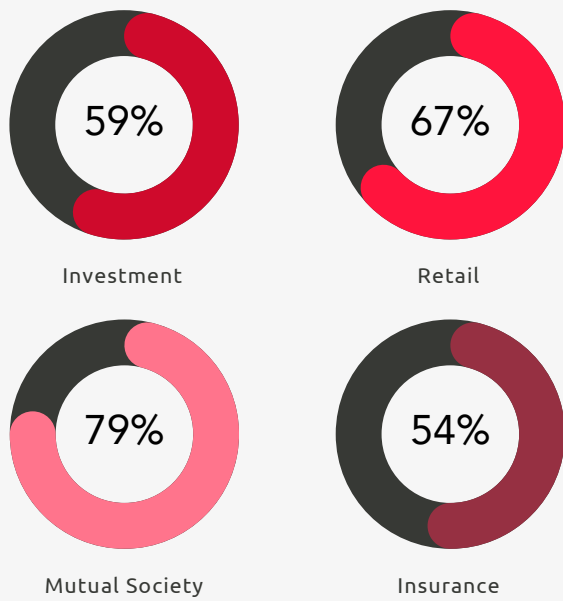
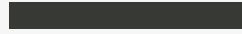


Figure 16: Have **not** changed IT suppliers in the last 12 months (%)

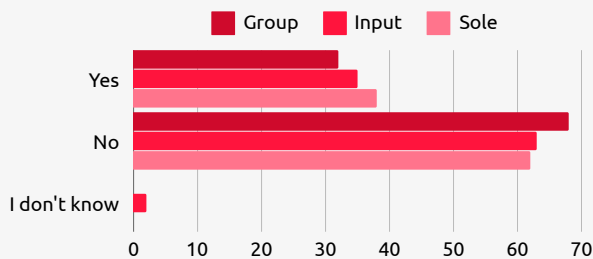


Figure 17: Have you changed IT suppliers in the last 12 months? By decision-making role (%)

The disparity between decision-making roles is minimal for those who have/have not changed suppliers in the last 12 months. Each demographic is within 6%.

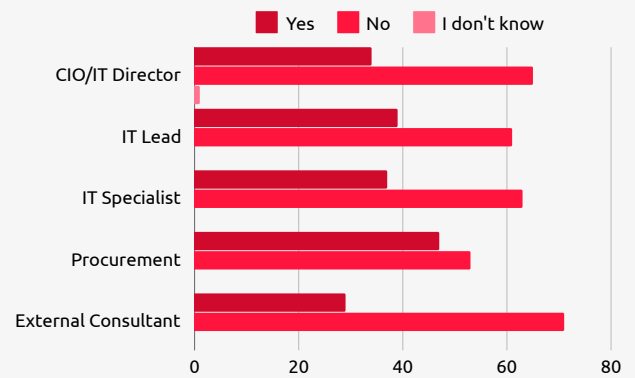


Figure 18: Have you changed IT suppliers in the last 12 months? By who is involved in new supplier selection (%)

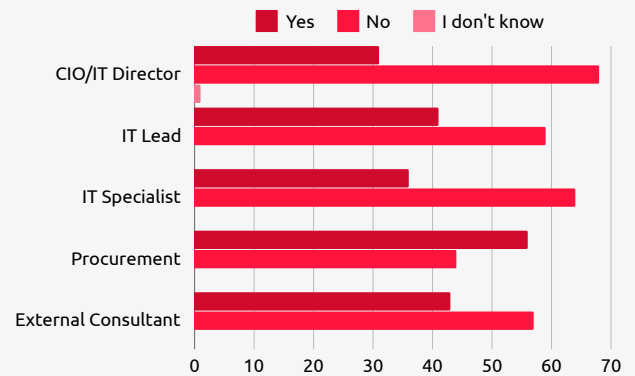


Figure 19: Have you changed IT suppliers in the last 12 months? By budget holder (%)

For respondents with procurement as the budget holder, 56% changed IT supplier within the last 12 months.

Where IT Specialists and CIO/ IT Directors hold the budget, 64% and 68% did **not** change suppliers respectively.

Finding 6

Hidden costs are considered to be a high concern when changing vendors

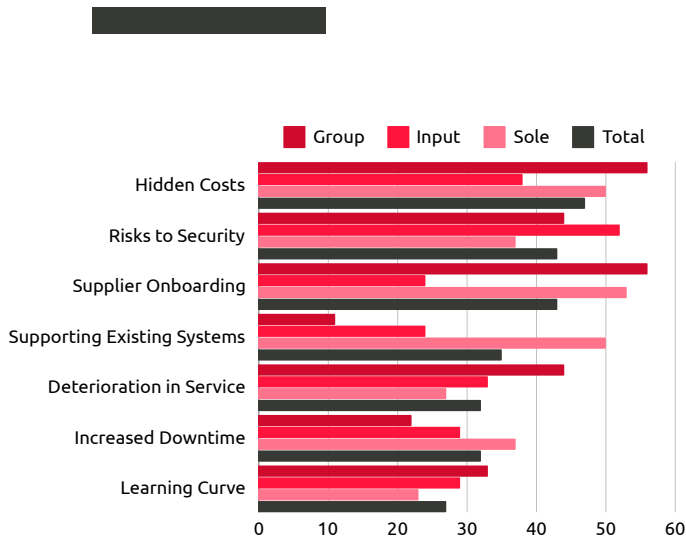


Figure 20: What concerns you about changing IT vendors? By decision-making role (multiple-choice) (%)

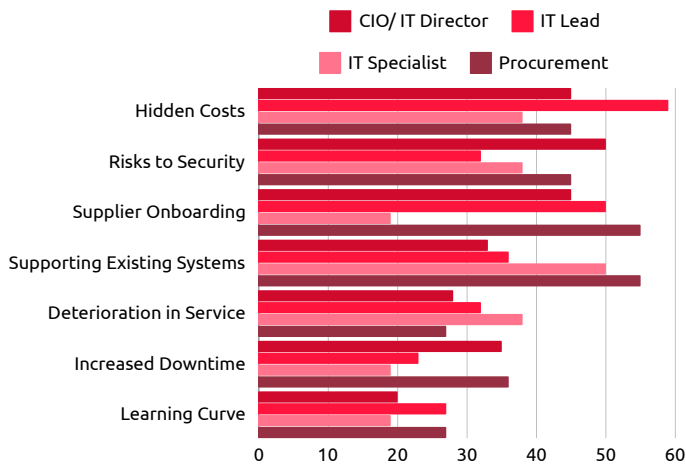


Figure 21: What concerns you about changing IT vendors? By budget holder (multiple-choice) (%)

Where IT Leads are the budget holder, respondents more frequently (59%) selected hidden costs as a concern.

Retail Banks are proportionately more frequently concerned about hidden costs than other sectors (67%).

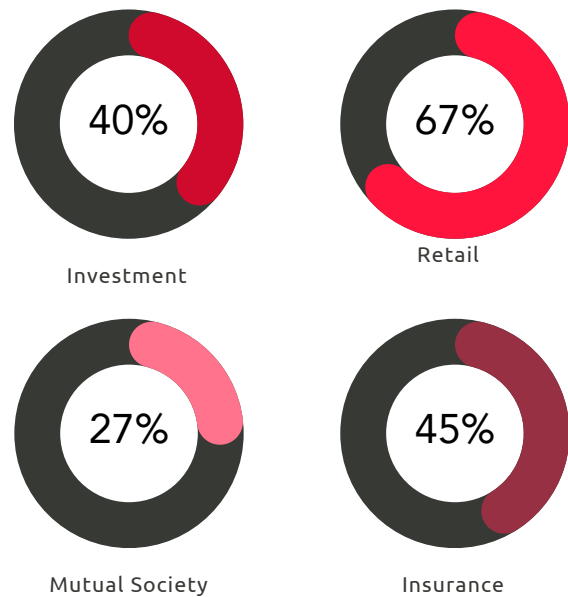


Figure 22: What concerns you about changing IT vendors? **Hidden Costs** (%)

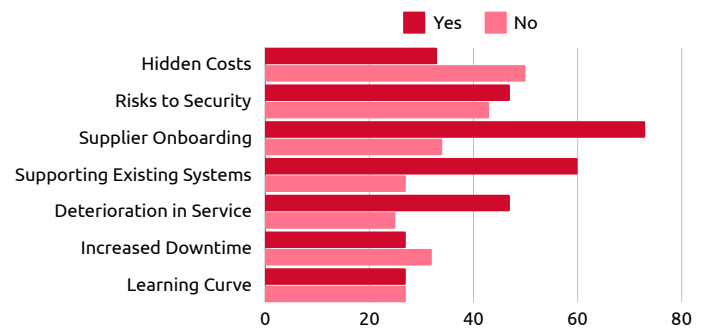


Figure 23: What concerns you about changing IT vendors? By those who have/haven't changed vendors in the last 12 months (multiple-choice) (%)