

YOUR SOURCING STRATEGY A BURNING PLATFORM ?



Burnt Oak Partners

Jan.bouman@burntoak-partners.com

+31 6 2034 6665

<https://burntoak.nl/>

Optimizing IT Sourcing

How organizations can adapt outsourcing contracts to a rapidly changing technology and geo-political landscape

Executive Summary

Many IT outsourcing contracts were signed during relatively stable technological and geopolitical conditions. Today, organizations face a dramatically different environment: cloud hyperscalers dominate the market, artificial intelligence is reshaping operations, geopolitical shifts are redefining supply chains, and cybersecurity risks continue to grow.

Traditional outsourcing contracts - often rigid, highly detailed, and long-term - are increasingly unable to accommodate these changes. As a result, organizations risk vendor lock-in, missed innovation opportunities, and reduced operational resilience.

To remain competitive and adaptable, companies must rethink how they structure IT sourcing agreements and how they collaborate with service providers. This paper outlines the major trends affecting IT sourcing and explains how organizations can introduce greater flexibility and strategic value into their contracts. It also highlights how Burnt Oak's **Mid-Term Contract Value Review** helps organizations unlock value and future-proof existing agreements.

Four Trends Reshaping IT Sourcing

1. The Rise of Cloud Hyperscalers

Global hyperscalers - primarily US-based cloud providers - continue to dominate the technology ecosystem. Their platforms provide scale, innovation, and access to advanced services such as data analytics and AI.

However, this concentration of market power does increase vendor dependency and reduce strategic flexibility.

Implication for IT sourcing: *Organizations must design sourcing models that allow multi-cloud strategies, interoperability, and the ability to shift services when needed.*

2. Artificial Intelligence Transforming Operations

AI is rapidly changing how organizations design business processes and operate IT environments. Automation, low and no code software development, predictive monitoring, and intelligent tooling are becoming core components of modern service delivery.

Implication for IT sourcing: *Contracts must allow rapid adoption of new technologies and reward innovation rather than lock providers into outdated service definitions.*

3. Geopolitical Change and Supply Chain Reconfiguration

Geopolitical tensions, regulatory developments, and increasing concerns about digital sovereignty are forcing organizations to reconsider their global technology dependencies.

Implication for IT sourcing: *Companies must retain the ability to restructure supply chains, relocate services, or diversify suppliers without major contractual barriers.*

4. Escalating Cybersecurity Threats

Cyber threats are becoming more sophisticated and impactful. Security and resilience are now board-level priorities.

Implication for IT sourcing: *IT contracts must clearly define security responsibilities while allowing security frameworks, compliance requirements, and response capabilities to evolve over time.*

Towards Flexible and Value-Driven Contracts

To address these challenges, organizations should move toward **adaptive sourcing models** built on flexibility and collaboration. Key principles include:

- Modular contract structures that support service evolution
- Outcome-based performance metrics aligned with business value
- Innovation incentives encouraging AI and automation adoption
- Transparent governance and stronger strategic partnerships
- Reduced vendor lock-in and improved exit readiness.

Future IT sourcing relationships will depend less on rigid service definitions and more on **continuous improvement, joint innovation, and shared accountability.**

Unlocking Value with a Mid-Term Contract Review

Burnt Oak's **Mid-Term Contract Value Review** provides an independent assessment of whether an IT outsourcing contract still delivers the expected value and is future-proof.

Through a structured six-week review - including contract analysis, stakeholder interviews, and market benchmarking - organizations gain:

- Visibility into new technology adoption through optimized supplier contracts
- Identification of AI, automation, and innovation opportunities
- Assessment of service performance, governance effectiveness and supplier collaboration
- Practical recommendations to improve flexibility and value delivery.

Typical outcomes include optimized delivery, stronger governance, improved supplier relationship, and increased contractual flexibility, thus maximizing value from working with your suppliers.

As an alternative Burnt Oak Partners offer a 2-week quick scan, highlighting improvement areas, vulnerabilities and risk mitigation strategies.

Conclusion

The IT sourcing landscape is changing rapidly. Organizations that proactively modernize their contracts and supplier relationships will be better positioned to adapt to technological innovation, geopolitical shifts, and evolving security risks.

Regular contract value reviews provide a practical and effective way to ensure that IT sourcing remains aligned with business strategy—today and in the future.
