



Inspiring stakeholder trust

Managed services helps risk and regulatory functions lead the charge





In a volatile and interconnected world, the threats to growth range from cyberattacks to financial risk to fast-changing regulations. And it's not just your business that's under threat. Everyone involved with your organisation - from customers and employees to regulators, suppliers, investors and the communities where you operate - has skin in the game.

That's why trust is becoming a critical part of the enterprise agenda. When you earn the trust of all stakeholders, they give you the permission to transform with confidence, whether it's creating new technologies, markets, or customer experiences.

This need for stakeholder trust is also becoming a primary reason for using managed services, as organisations look beyond the security of their own perimeter to address cyber threats, regulatory compliance and other risks across their ecosystem. Over the next two years, organisations plan to increase managed services in these areas to access the much-needed expertise and trusted technology of service providers.

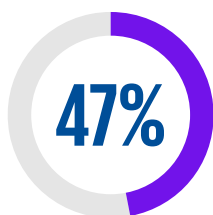
That's according to the KPMG and HFS Managed Services Outlook, a global survey of 800 executives conducted in October 2021.

 **80%**

of respondents plan to increase their use of managed services for IT and cybersecurity over the next two years.

A new kind of value from managed services

Already, nearly one out of two organisations is sourcing at least 25 percent of its risk, cybersecurity and compliance activities through managed services.



Percentage of risk, cybersecurity and compliance work being sourced through managed services.

Service area - Risk and cybersecurity

Financial risk analysis

Integrity due diligence

Third-party risk management

Cybersecurity operations

Identity and access management

Service area - Compliance

Statutory reporting

SOX (Sarbanes-Oxley act)

IT compliance

GDPR (General Data Protection Regulation)

AML (Anti money laundering)

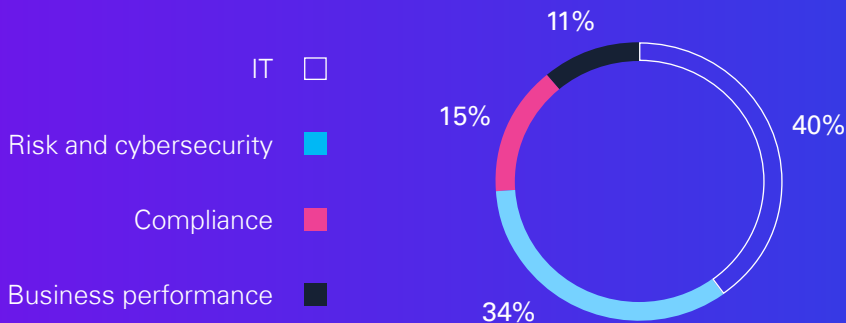
KYC (Know your customer)

The survey shows that organisations are increasingly getting more value from these kinds of trust-focused managed services than those for business performance, including areas like tax, legal and human resources.

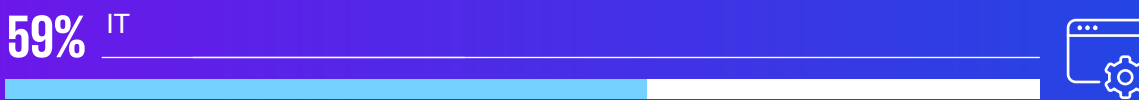
As a result, organisations in the next two years plan to boost their investment in managed services for these areas. In the survey, nearly 60 percent of executives said they see the use of managed services going up more than 10 percent in IT, risk and cybersecurity; nearly 50 percent said the same for compliance.

Given the interconnectedness of systems, managed services delivers the highest value in IT-related operations, with 40 percent of respondents saying so. Accordingly, the survey indicates that IT will also be the area of highest managed-services demand in the next two years, with 35 percent of respondents saying they will increase their consumption by at least 20 percent.

Executives say managed services deliver the most value in trust-focused areas



So they are increasing their managed services investment



The increasing importance of compliance

Regulatory compliance underpins every facet of an organisation's operational activities - from IT systems and data practices to sales, marketing, customer service and talent - and managed services providers will play a critical role in improving and sustaining it.

In the survey, nearly 75 percent of executives said using managed services at scale will lead to significant improvements in compliance. Respondents also said compliance is the most significant operational impact that will come from managed services in the next two years.

Top operational impacts expected from managed services

Very significantly improved



34%

Compliance



33%

Supply chain efficiency



32%

Employee experience or satisfaction



27%

F&A (Finance and accounting) efficiency



26%

Customer experience or satisfaction

Some managed services providers offer digital solutions specifically for cyber risk and regulatory compliance, enabling companies to demonstrate trusted technology and processes - on requirements from internal controls to Know Your Customer systems. These kinds of managed services can exceed regulator expectations by improving the speed, accuracy and overall quality of compliance processes, while showing customers, suppliers and other stakeholders that the company is protecting against vulnerabilities.

Choosing the right managed services partner

If you're like most organisations in today's fast-evolving market, you probably need help harnessing technologies, talent and processes to create nimble functions for risk, cybersecurity and regulatory compliance. And you have a wide choice in managed service providers, from offshore tech vendors to consulting firms.

The most capable providers are those who go beyond the back office, beyond cost savings and beyond technology alone to deliver strategic outcomes in mission-critical processes across the enterprise. They combine deep subject-matter expertise, market experience and technical capabilities to help companies earn and sustain the trust of their stakeholders.

The survey shows that some Big Four professional services firms are emerging as key contenders. Eight out of ten executives are seeing more managed services offerings from Big Four firms and 75 percent of those

respondents see risk and cybersecurity as the top areas of value from those firms. The next highest value opportunities from the Big Four are IT and compliance.

Those findings reflect the rising importance of stakeholder trust in an uncertain digital world. Leading professional services firms bring board-level credibility and market-tested technology, taking a client's processes from being just secure and compliant to also becoming trusted.

Since technology is essential for meeting the needs of disparate stakeholders, an organisation's risk and regulatory systems must build both operational resilience and stakeholder trust. That's how you grow with confidence, bounce back faster from the random and unpredictable and build a future that is successful and sustainable.

Top areas of perceived managed-services value offered by the Big Four



About KPMG Managed Services

Business transformation is the path to sustained advantage. But transformation is not a fixed destination; it's an ongoing journey. How can you continually evolve your business functions to keep up with ever-changing targets?

KPMG Managed Services can help. We combine advanced technology with functional and sector expertise to handle knowledge-intensive processes across your enterprise. In addition to reducing your costs, we drive outcomes like resilience, customer retention, stakeholder trust and competitive advantage. We help you operationalise your growth ambition, so you can accelerate your transformation journey - while minimising disruption and risk. [Learn more about KPMG Managed Services here.](#)

About HFS Research

HFS Research is a widely acclaimed global industry analyst firm covering the critical people, process and technology strategies impacting major organisations. The HFS mission is to provide visionary insight into the major innovations impacting business operations: Automation, Artificial Intelligence, Blockchain, Internet of Things, Digital Business Models and Smart Analytics. HFS defines and visualises the future of business operations across key industries with its OneOffice™ Framework. Led by award-winning analyst Phil Fersht, with analyst teams based in North America, Europe and Asia/Pacific, HFS is leading the industry with its accessible digital research model that has over two million visitors per year. HFS influences the strategies of enterprise customers, to help them develop OneOffice backbones to be competitive and to partner with capable services providers, technology suppliers and third-party advisors. The "As-a-Service Economy" and "OneOffice" are revolutionising the industry.

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