KPMG 2026 Sourcing Trend Radar

KPMG Shared Services and Outsourcing Advisory view on the rapidly evolving sourcing market

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February 2026, Netherlands

Foreword

Over the past years the KPMG Sourcing Trend Radar has presented our Shared Services and Outsourcing Advisory view on the Sourcing marketplace. We have again updated the Trend Radar based on insights from our experts and our hands-on experience working with clients and many service providers around the globe. It reflects what we see evolving and trending from a Sourcing perspective for Digital (IT) and Business Process Services.

In this year's Trend Radar, we see three **key trends**:

1) AI & Service delivery
2) Sovereignty & resilience, and
3) Access to talent and capabilities

The first key trend is AI and its role in service delivery. Companies are steadily adopting AI and placing it more into the center stage of their organization. **Kees**: "*It is clear that boardroom discussions are increasingly about creating actual value from the enormous potential AI offers, while balancing and governing trustworthy AI solutions offered through a multitude of partners and providers*".

The second key trend is sovereignty and resilience that has become an even more dominant focus area in our client's sourcing and vendor strategies. Fuelled by geopolitical dynamics, uncertain access to hardware (e.g. chips and memory), changing fees and tariffs, cyber resilience, and contending for (digital) sovereignty.

At the same time new legislation is introduced to play its part in this puzzle. **Michel** "*Insights resulting from the adoption of legislations (e.g., Data Act, DORA, NIS2) combined with the ongoing geopolitical uncertainties cause a shift in our clients' risk appetite. Risks that were acceptable six months ago, are now flagged as 'high' and result in mitigating actions…".*

The third key trend is the ongoing challenge of accessing the right talent and capabilities in a marketplace where employee retention is declining and employers urgently need to acquire new skills. Thoughtful sourcing strategies, strategic personnel planning, and ecosystem design can empower organizations to address lock-in effects promptly and mitigate the risks associated with changing and losing essential skills, knowledge, and data. This will also enable them to more effectively adapt to the "new normal" by skilfully governing and leveraging a network of reliable partners.

In this year's Trend Radar we share again our insights, both on these key trends, along with other overarching sourcing trends.

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AI & Service delivery, Sovereignty & Resilience and Access to talent are key sourcing trends

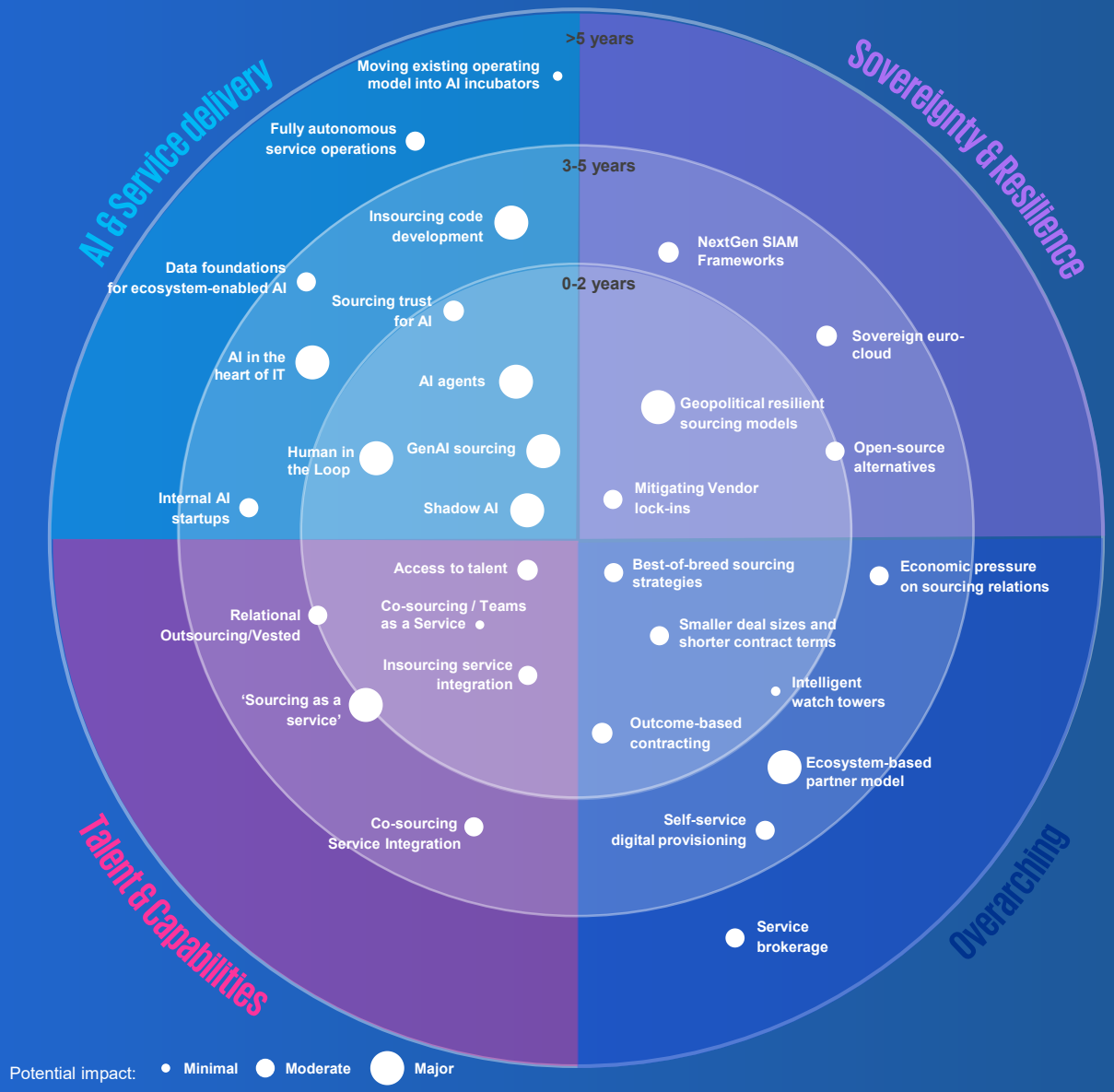
The Sourcing Trend Radar 2026 shows KPMG's Shared Services and Outsourcing Advisory view on the Sourcing marketplace. The trends focus specifically on the sourcing of Digital (IT) and Business Process Services.

Looking at this year's Radar, and comparing its outcomes to previous years, we can see three dominant key trends:

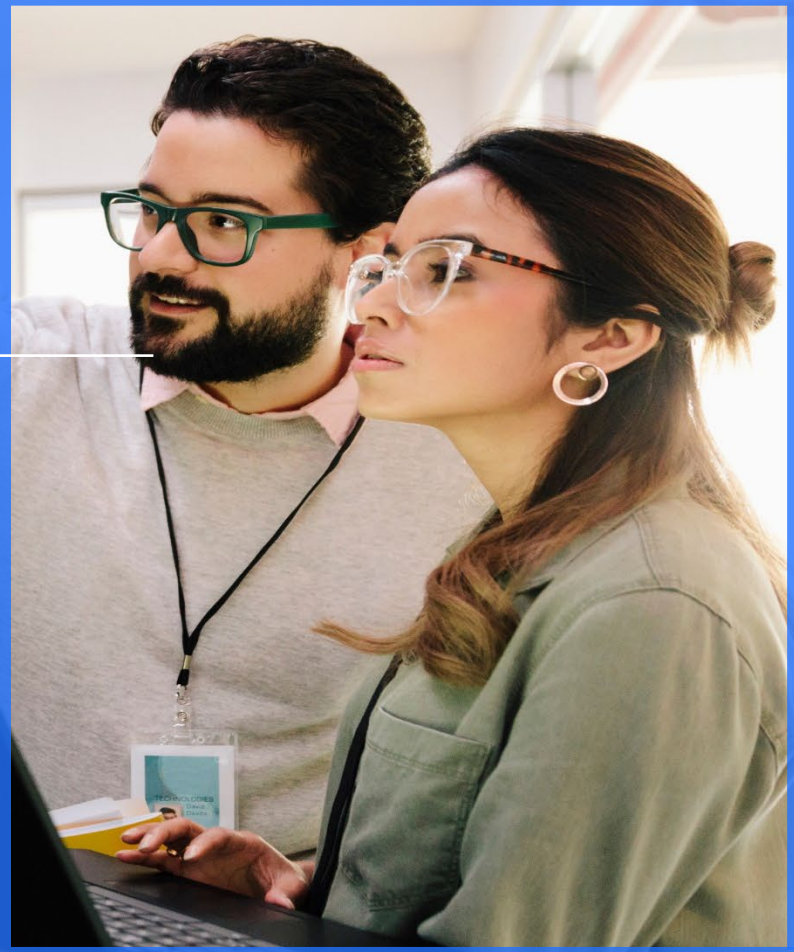
1) **AI & Service delivery** – impacting both what (AI) solutions and services you source and how you source them.
2) The ongoing geopolitical complexities pressurizing **Sovereignty & Resilience**. Impacting key sourcing decisions: acquiring sovereign cloud and infrastructure services, strengthening cybersecurity capabilities, increasing flexibility and substitutability of solutions and service providers.
3) Access to **Talent & Capabilities**, as organizations adapt to a changing environment and quickly evolving skill and capability requirements.

Our Radar also includes several **Overarching** sourcing trends.

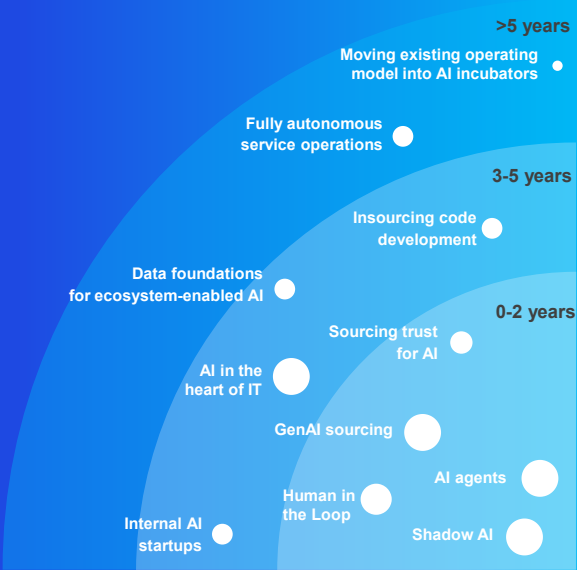
In the next four chapters we reflect on each of the trends sharing key takeaways per trend.



AI & Service delivery



AI is driving a new era of business and IT services



AI is revolutionizing service delivery by becoming increasingly integrated into daily IT and business operations, marking a significant shift in the service delivery landscape. While the progress is impressive, full autonomy is still beyond reach, making human oversight essential for guiding and controlling this evolution. To adopt and integrate AI developments in a controlled and trustworthy manner, organizations must stay ahead by rethinking their sourcing strategies, modernizing their architectures, enhancing AI literacy, and strengthening control and governance capabilities.

Reshaping service delivery

It is a challenge to predict the full extent of AI's impact on IT and business services. However, **AI agents** are increasingly becoming embedded in day-to-day service delivery at pace. There is a growing number of use cases and practical implementations, such as AI-driven incident resolution, virtual agents guiding users through self-service processes, and personalized end-user experiences. Concurrently, cloud-based platforms are being sourced to effectively manage and govern the entire lifecycle of AI solutions. We see that AI represents a significant transformative step-change, revolutionizing service delivery and the user experiences in the coming years. However, challenges such as the lack of autonomous performance, lack of data quality, and lack of trustworthiness necessitate substantial human intervention and dampen adoption rates. Zhang et al. (2025) describes five levels of **Human in the Loop**[2]:

1) The AI agent is in full control by a human in executing tasks.
2) The AI agent collaborates with a human in task planning and execution.
3) The AI agent is in the lead and consults a human for expertise and preferences.
4) The AI agent acts independently and only asks the human for approval with high-risk decisions.
5) The AI agent acts fully autonomously, a human monitors and can pull the emergency stop.

We see in IT and business processes that the adoption of AI still requires a 'Human in the Loop' at level 2, sometimes at level 3, even with AI agents performing more complex tasks (e.g., incident resolution, event management, triage, guiding users through self-service processes, customizing user experience).

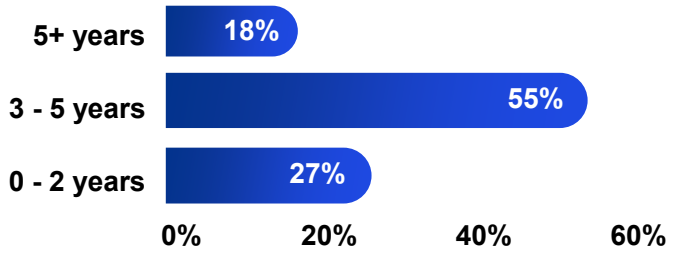
Of course, as the new AI solutions steadily mature, we anticipate the emergence of more **fully autonomous service operations** in the coming years. For now, especially where AI is to be aware of nuances, context or make ethical judgments, a human agent remains essential. To bridge the gap between the 'human agents' and the 'AI agents', organizations are advised to:

1) redefine their sourcing strategy to incorporate their AI solutions and services. Much in the same way as with the traditional *'make, buy, ally'* sourcing strategies;
2) update the design of their retained 'human' organization and partner ecosystem(s), determining what can and cannot be done through AI and/or partners. Focussing on strengthening the inhouse governance and control capabilities;
3) define the transformation approach for the organization's AI readiness, and;
4) revise the architectures and guardrails to (technically) control the integration and interoperability of the different AI solutions, including the underlying data and data sources. This also requires; redefining integration principles and alignment mechanisms to manage AI developments across multiple application and cloud vendors.

Due to the volatile nature of AI developments, it will be necessary to frequently revisit and revise these strategies in the coming years.

AI positioned front and center
We increasingly see **AI positioned in the heart of IT** to further automate and streamline IT operations. Generative AI is enabling capabilities such as Vibe Coding (AI writing entire code) to automate coding, testing and configuring of IT solutions, enabling faster and more adaptive software development. It is impacting how application management services are sourced, challenging traditional outsourcing and offshoring models. Currently, humans still do most of the coding and quality control. We foresee a dominant role for AI in the coming three to five years. We expect companies wanting to procure these **GenAI sourcing** capabilities in a similar timeframe. And we expect that embracing AI solutions will make it more accessible to **Insource code development**, which will increase the outsourcing of trust through code quality reviews and assurance.

Generative AI will automate most coding, testing and configuration tasks in IT within:



Multi-model service providers & sourcing trusted AI
Companies seeking to benefit from AI are increasingly seeking ways to control and trust it. One way is to ensure using different models for coding, testing, and configuration. Using different models as well as different specialized service providers can be useful to rule out bias. Another component is **Sourcing trust of AI**, which involves service providers adhering to rules and guidelines in a transparent way. These rules and guidelines should be embedded into **AI control frameworks** to enable client-organizations to more reliably monitor and manage AI usage and outcomes.

Shadow IT has a new face
We see the quick rise of dispersed (customized) AI solutions. Examples such as custom prompts, historic chats, AI workflows, etc. Created (locally) by an individual, taking an important/broader role in business processes. We have seen a similar trend in the past with IT solutions (e.g. elaborate Excel files or locally purchased Cloud- based solution). **Shadow AI** is on the rise leading to (invisible) business risks, necessitating strong governance and guidelines.

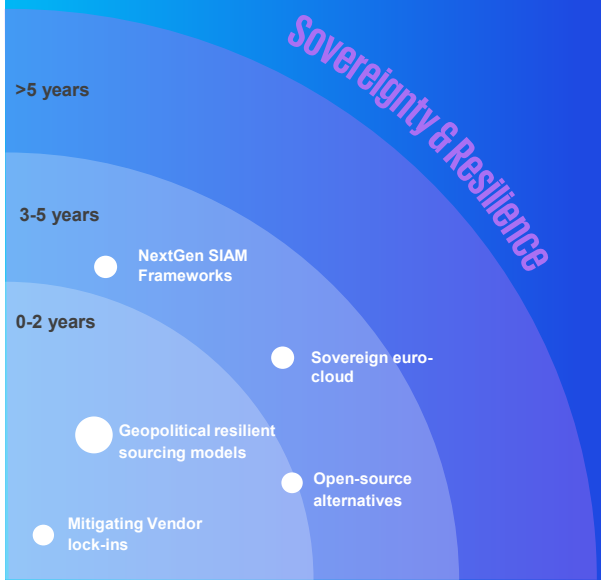
Shaping AI organizations and ecosystems
Another trend we are observing is developing AI-based business processes in the framework of an organization's partner ecosystems. Establishing strong **data foundations** is essential for the success of these **ecosystem-enabled AI solutions**. Organizations will need to invest considerable time and resources in the coming years to build robust and trustworthy systems for data governance, security, and quality alongside their partners.

Organizations often struggle in adopting and securing AI solutions in a controlled manner. This situation parallels the evolution of electric cars, where manufacturers initially designed electric vehicles on traditional combustion platforms, shifting to entirely new platforms to stay competitive. We anticipate a similar trajectory in adopting AI-driven business processes, with organizations **moving existing operating models into AI incubators** moving beyond legacy systems, lock-ins and (cultural) limitations.

To conclude
AI is poised to be a central part of future service delivery, driving automation, and restructuring organization and their ecosystems. Trust, control, interoperability, and human-in-the-loop practices will be essential in this transformation. It is imperative for organizations to act now by redefining their sourcing strategies and ecosystems, updating underlying architectures, and embedding AI control frameworks. Considering AI's volatility and the rapid pace of innovation, this will be a continuous journey.

Sovereignty & Resilience

Geopolitical tensions, cyber threats, resilience, autonomy, have made sourcing a board level discussion



Geopolitical shifts are reshaping the sourcing landscape, introducing new risks and opportunities for organizations. Factors such as tariffs, national control, technological autonomy and resource scarcity are driving diversification and resilience in sourcing strategies. This is increasing the demand for digital sovereignty and autonomy. And necessitates a fundamental rethink of sourcing models to ensure agility and control in this volatile environment.

Geopolitical tensions

The ongoing geopolitical tensions result in a more uncertain operating environment and push organizations to adopt **geopolitically resilient sourcing models**.

Global politics influences sourcing strategies in many ways, but for this Trend Radar we focus on the three most relevant to sourcing: (1) the (fear of) tariffs; (2) autonomy and national control, and; (3) the hunt for scarce resources.

Firstly, tariffs are driving organizations to diversify sourcing locations and shift operations and the supply chain where possible to avoid additional costs. The impact is most visible in trade relations between the U.S. and Asia[3].

Secondly, demand for national control and autonomy is growing. Resulting in governmental interventions in strategic industries. Examples include the U.S. blocking Broadcom's attempted takeover of Qualcomm. More recently, Dutch authorities stepping in on Nexperia's ownership, triggering a ripple effect, with China restricting chip exports. And, Kyndryl's proposed acquisition of Solvinity, which reflects the growing national control over mission-critical IT operations (particularly in regulated markets). Less visible, but equally impactful, are hacking and cyberwarfare events affecting organizations worldwide.

Thirdly, resource scarcity is increasingly driven by global factors such as the war in Ukraine, trade tariffs, and the rapid growth of AI[4]. These dynamics create significant pressure on compute capacity, power grids and infrastructure, leading to lower data center expansion and rising hardware prices. Risks and liabilities that will lead service providers to pass on additional costs to their clients.

Digital sovereignty

The aforementioned geopolitical influences highlight the great dependence on non-European technologies and data services. The increasing geopolitical tensions as well as the stricter European regulations on data privacy, digital autonomy and AI, drives demand for digital sovereignty. Organizations seek more strategic control over their data, applications, platforms and infrastructure, and the respective sourcing decisions. This has elevated sourcing to a board-level topic, moving it beyond the sole purview of an IT director or buyer. A key success factor in this sphere is **mitigating vendor lock-ins**, by reducing dependency on single providers through strategies involving multiple vendors and open standards. Across Europe and Asia, there is a noticeable rise in investments in **(open-source) alternatives**, a reevaluation of existing outsourcing arrangements, and a delay in additional short-term investments. Organizations are emphasizing autonomy and self-reliance in their sourcing strategies. For example, in the public sector, initiatives focused on **Sovereign euro-cloud solutions** highlight this trend. We anticipate significant growth in such solutions and the organizations adopting them within the next 3-5 years, accounting for the time needed to develop (functionally) mature and robust solutions.

55% of CEOs rank geopolitical complexity as the top challenge facing their organization[5]

Increased threats urging sourcing action

Following geopolitical developments and increasing cyber threats and warfare, the disruption of digital services have increasingly become critical factors to business continuity and risk management. Over the past years we have seen banks, high-tech industries, hospitals, universities, governmental institutions, and infrastructure organizations become a target[4]. Some of which were successfully hacked with examples being offline and unproductive for months. This made it abundantly clear for many organizations that they need to be accelerating their digital transformation. This means that sourcing models, boosted in part by legislation such as DORA and NIS2, are evolving to prioritize resilience and compliance. Companies, especially smaller ones, are turning to managed security services for continuous monitoring, proactive threat detection, and compliance assurance. Even participating in security (knowledge) ecosystems. This is in part due to the broader sourcing trend mentioned: **access to talent**. Larger organizations, those less affected by talent restrictions, now more often move towards centre(s) of expertise to service their (global) group of entities. Hence, integrated security frameworks are no longer optional, they are becoming an essential part of modern digital and business (sourcing) strategies, ensuring that risk management aligns with regulatory requirements and business continuity goals.

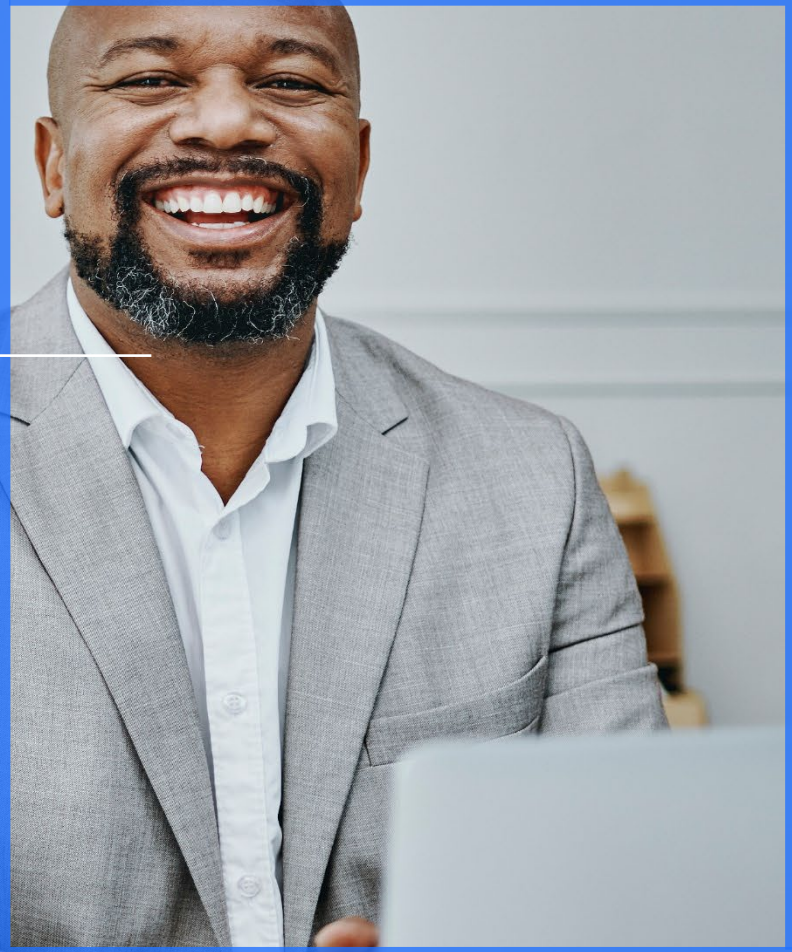
Next Gen SIAM ensuring ecosystem resilience

Organizations are increasingly focused on finding ways to work with new technologies, collaboration platforms and AI-driven productivity tools. These are all heavily embedded in core business processes and often supplied by a wide variety of suppliers. For some companies this means piloting advanced technologies and accepting short-term risks to unlock long-term efficiency gains. It also raises the question: *are organizations still in control of their suppliers? Can they effectively meet both customer expectations and regulatory requirements?* This is where **NextGen SIAM frameworks** are gaining traction. In previous years we have seen Service Integration and Management (SIAM) being developed around ‘managing and automated tickets and requests processing’. As ecosystems grow more complex, we are seeing this developing into end-to-end process and data ownership. NextGen SIAM framework and solutions unify AI, IT and business processes, help improve coordination across multiple providers, and enable transparency in end-to-end service delivery. It allows an organization to govern its ecosystem with greater agility and control.

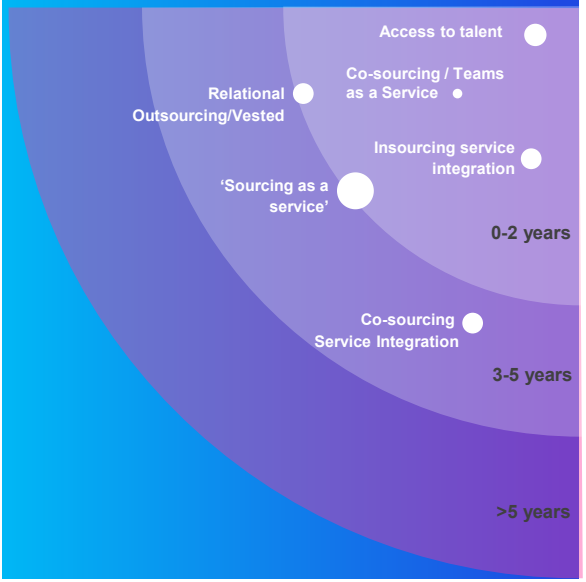
To conclude

Global uncertainty and rising cyber threats are pushing organizations to adopt geopolitically resilient sourcing strategies, prioritize digital autonomy and strengthen security frameworks. Next-generation SIAM models and end-to-end (managed) services are emerging as critical enablers for ecosystem control and compliance. To stay ahead, organizations embrace adaptive sourcing approaches focusing on flexibility, collaboration and control.

Talent & Capabilities



Maintaining (in-house) talent and skills as a key differentiator



The rapid evolution of technology, geopolitical developments, and the rise of AI are reshaping sourcing strategies and talent models.

A new era calls for a new way forward

As mentioned before, emerging trends like AI and geopolitical uncertainties demand a new perspective on sourcing models and strategies. A key determining factor herein is the ability of an organization to adapt to changes. This relates to adopting the right skills and tools, and to embedding these within your own organization – through effectively leveraging and governing a partner ecosystem. After all, the best AI tool is only valuable when it is actively used to create measurable value. This requires access to the right tools, skilled staff and capabilities.

Retaining and retraining talent is key

The race for talent continues and particularly in AI and advanced technology domains it even increases. According to the 2025 KPMG CEO Outlook(1), 71% of CEOs are prioritizing retaining and retraining of talent, while 61% are actively hiring for AI and technology skills. Retaining is now as critical as recruitment, reflecting the need for stability and continuity in a rapidly changing environment.

Talent over Diplomas

Considering the aforementioned trends, it is evident that ongoing changes require new skills and a shift in mindset. Organizations, along with their clients and suppliers, need to adapt to this transformation. Trends such as AI are advancing more rapidly than educational institutions can match through traditional curricula. This new reality underscores the importance of prioritizing access to talent over simply acquiring specific diplomas. IT-savvy professionals are better equipped to embrace emerging technologies and drive innovation. In response to these challenges, organizations strive to balance autonomy with reliance on external resources while effectively managing multiple strategic priorities.

This focus shift is particularly evident in operational areas where adaptable, IT-savvy talent is crucial. Here, organizations seek to harness the flexibility and expertise of their workforce to remain competitive and responsive to the dynamic market landscape. A notable example is the **Insourcing of Service Integration** capabilities. where the need for agility and the adoption of new tools and capabilities are maintained in-house or delivered through **Co-sourcing / teams as a Service** arrangements, ensuring that skills and talent remain close to the business and to mitigate lock-in effects. Another example is the strategic emphasis on **Service Desk Insourcing** in recent years. Organizations transform their service desk into a strategic hub for both business and IT stakeholders, leveraging AI and other advanced tools. This transformation positions the service desk as a strategic capability due to its integral role in client interaction, demand management, incident resolution, and in enhancing client experience and satisfaction. In both examples, companies maintain the talent and skills to better control service quality and responsiveness, to swiftly adapt to emerging business needs and customer expectations.

71% of CEOs top focus is on retaining and retraining high-potential talent(1)

From Contracts to Collaboration

Another trend that we mentioned before and still see is the rise of **relational outsourcing and vested outsourcing** (focus on outcome). Outsourcing is evolving from transactional models to strategic partnerships. Organizations are moving beyond the traditional Service Level Agreements and move towards governance models, build trust, shared objectives, and flexibility. This approach is essential in (complex) relationship-driven environments such as **ecosystem-based partner models**.

It may even extend to the co-sourcing of service integration as more than one organization benefits from the SIAM role. These changes demand a certain set of skills. More specifically, **soft skills** like communication, negotiation, and relationship management over traditional (hard) IT skills. And in the journey of finding new ecosystem partners, the criteria now go beyond price. Organizations increasingly prioritize cultural fit and the ability to collaborate effectively, ensuring partners integrate seamlessly into the ecosystem rather than simply offering the lowest cost.

Calling for new forms of orchestration

In all potential future scenarios, we see that the complexity increases on both the technical front as well as the regulatory front. Delivery models are evolving from single-vendor setups toward networks of specialized partners across regions. Nearshore locations such as Spain, Portugal, and parts of North Africa are also in light of the mentioned geopolitical uncertainties, gaining prominence, supporting closer collaboration and greater risk diversification. In our view, it marks a broader shift in Global Business Services and IT sourcing, from pure cost optimization to resilience, scalability, and access to niche expertise.

Meanwhile, regulators demand more grip on suppliers (Third Party Risk Management) and technical solutions lead to an increase in the number of suppliers and sub-outsourcing relations. Here is where **NextGen Service Integration and Management (SIAM) frameworks** solutions can make the difference and help. With a steady increase of Application Programming Interfaces (APIs) we expect more companies in the coming years to manage their supplier landscape with integrated SIAM solutions.

Sourcing made easy

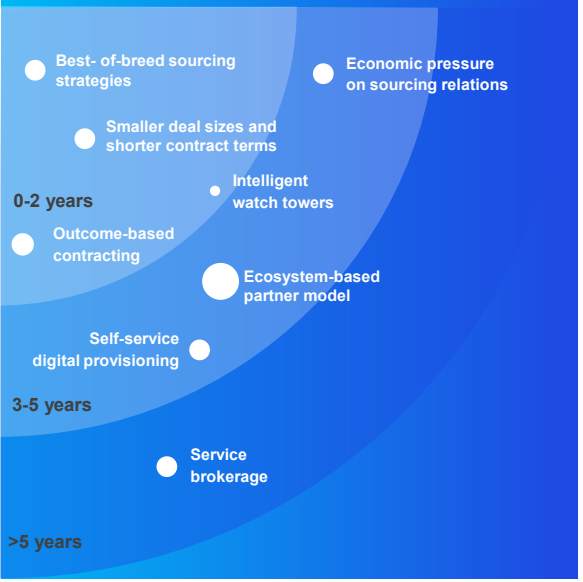
Finding the right sourcing partners in today's environment is increasingly complex. The number of variables is growing, and new startups popping up on a day-to-day basis, which need to be taken into account. This brings the opportunity for organizations to ask for '**Sourcing as a Service**'. This creates opportunities for 'Sourcing as a Service'-platforms, which leverage AI to streamline partner identification and RFP processes. While currently focused on (long-list) supplier selection, such platforms may evolve into full sourcing management solutions as AI maturity increases.

To conclude

Sourcing is evolving from transactional models to strategic, ecosystem-driven partnerships that prioritize flexibility, control and resilience. Key enablers of this evolution include effectively retaining talent and skills, striking the right balance between in-house capabilities and external resources, and constructing robust partner ecosystems through more advanced orchestration methods. To empower organizations to access the necessary talent and capabilities, respond more adeptly to changing market dynamics, and maintain a competitive edge.

Overarching Trends

Governing a changing partner ecosystem



Economic pressure and demand for agility drive flexible contract terms

Inflation levels and interest rates have fluctuated significantly in recent years, increasing both sourcing and **financial risks** for organizations and suppliers. Driven largely by geopolitical developments, this volatility is expected to persist. As a result, organizations are placing greater emphasis on mitigating measures, such as closer supplier monitoring, fixed or indexed pricing arrangements, improved forecasting, and diversification of supplier portfolios.

At the same time, rapid digital developments and geopolitical uncertainty are reinforcing the need for agility in sourcing and contracts. We see organizations rethinking existing relationships and reconsidering outsourcing decisions. Opting to insource or opt for **smaller deal sizes and shorter contract terms.** Opting for more flexible arrangements allows quicker adaptation to evolving business needs. For instance, cloud-based subscription models with shorter commitment periods. However, this shift also emphasizes the challenges and necessary capabilities an organization needs to efficiently manage service transitions and oversee such complex projects. As such, suppliers are being challenged to effectively accommodate the required agility in their service offerings.

We expect greater **economic pressure on sourcing relations**. Hence, substantial investments are being made in AI. The resulting capabilities and propositions introduced (by new entrants) will compel incumbent suppliers to reduce costs and margins to stay competitive.

Proactively anticipating on market and supplier developments

Intelligent Watch Towers are becoming a vital capability for supporting timely decision-making by integrating insights from the own organization with external data, technology, and regulatory developments. For example, through real-time monitoring in security management and in response to regulations like DORA and NIS2, they enable organizations to anticipate issues and trends more swiftly. We foresee that with the aid of AI, organizations will increasingly adopt this capability, sourcing it from service providers and advisors.

Value above output

Organizations increasingly expect suppliers to have ‘skin in the game’, moving beyond traditional transaction-based contracts. This shift typically follows a progression: from transaction-based (focused on activities), to output-based (focused on deliverables), to outcome-based arrangements. **Outcome-based arrangements** such as gain-share models, link supplier rewards to the achieved business results/value rather than deliverables or activities. We see organizations placing greater emphasis on qualitative outcomes, including customer satisfaction and service quality. While this requires clearer definitions and stronger governance, we expect outcome-based arrangements to play an increasingly important role in sourcing contracts.

Service and solutions brokerage

We foresee that **Services brokerage** will become more accessible and viable in the coming years for organizations seeking to orchestrate complex, multi-vendor supplier ecosystems through a single point of coordination and control. Such a service broker will be able to coordinate and integrate services from various cloud and application providers, ensuring end-to-end performance and alignment with sourcing objectives. We expect it to gain more prominence in the coming years. We expect **AI in the heart of IT** and **NextGen SIAM frameworks** to reduce the prerequisite of fully standardizing processes and data to effectively leverage a partner ecosystem. We expect that it will lower the entry costs for new players to that ecosystem and in doing so, increase the flexibility an organisation has in its sourcing and partnership decisions.

Turning insights into action

This year's Sourcing Trend Radar reveals a shift in pace. Geopolitical uncertainties are prompting a reevaluation of current sourcing arrangements and the utilization of technology, such as AI and the public cloud. This has elevated sourcing to a board-level discussion, as organizations reshape their operating models and designs to better anticipate and adapt to geopolitical challenges.

What to do next?
Here are four strategies organizations can adopt to enhance their agility:

- **Evaluate Your Operating Model**: Assess how your organization's model, processes, and technology can be realigned to enhance resilience, agility, and innovation. This involves examining current structures and identifying areas for improvement to better respond to challenges.
- **Update Your Sourcing Strategy**: Transition from a sole focus on cost and quality optimization to building diversified, sovereign, and resilient (partner) ecosystems capable of withstanding technological, regulatory, and geopolitical disruptions.
- **Enable Rapid Innovation**: Create an environment that encourages teams to experiment with AI (and other innovative tools) in service delivery. Empower your workforce to seize emerging opportunities to drive innovation across the organization.
- **Assess Your Agility**: Regularly evaluate your organization's capability to adapt to new technologies, regulations, and market demands. Invest in talent, partnerships, and ecosystems that facilitate transformation and agility.

Our team of sourcing experts is eager to support you in navigating these developments and trends effectively. We look forward to helping you succeed in adapting to these challenges.

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Jasper de Gier
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Notes

1) KPMG - CEO Outlook 2025
2) Feng, K. J., McDonald, D. W., & Zhang, A. X. (2025). Levels of Autonomy for AI Agents. Knight First Amendment Institute
3) World Economic Forum - Navigating Asia's new trade reality after the US tariff shock
4) Nationaal Coördinator Terrorismebestrijding en Veiligheid - Cybersecuritybeeld Nederland 2025
5) KPMG 2024 Energy, Natural Resources and Chemicals CEO Outlook

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