

Automotive Engineering Services Outsourcing Market is expected to hit \$352.21 billion with CAGR of 22.13%

Automotive Engineering Services Outsourcing Market Size, Share, Growth Analysis, Industry Scope and Forecast 2024 to 2031

AUSTIN, TEXAS, UNITED STATES, June 14, 2024 /EINPresswire.com/ -- Automotive Engineering Services Outsourcing Market size was valued at USD 72.24 Bn in 2023 and is expected to reach USD 352.21 Bn by 2031, and grow at a CAGR of 22.13% over the forecast period (2024-2031).



Market Drivers

Cost reduction is a major driver, as outsourcing allows automakers to tap into a global talent pool for specialized skills without the overhead of maintaining a large in-house staff. This is particularly beneficial for complex projects like electric vehicles and autonomous driving features, where expertise might be limited. Outsourcing fosters agility, enabling companies to adapt to rapidly evolving technologies and consumer demands without lengthy internal hiring processes. Stringent government regulations for safety features further drive the market, as outsourcing can provide access to engineers well-versed in complying with these regulations. The overall growth of the automotive industry, with its increasing focus on advanced features and connectivity, creates a strong demand for these outsourced engineering services. Challenges include a highly competitive and fragmented market, where finding the right outsourcing partner can be complex. Some automakers are hesitant to outsource core competencies, which can create a tension between cost savings and protecting their intellectual property.

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Segment Analysis

By Service

-Designing

-Prototyping

-System Integration

-Testing

-Others

By Service

Prototyping leads the market due to the rise of 3D printing in car design. This technology allows manufacturers to quickly create and test parts and entire vehicles, saving time and money. 3D CAD software is also being increasingly used to improve communication and design quality. The testing segment is expected to grow the fastest as Engineering Service Providers (ESPs) build new testing centers to meet the growing demand for automotive testing, driven by factors like the need for high-voltage testing of electric vehicles. The designing segment is also expected to see significant growth as car manufacturers invest more in R&D and collaborate with ESPs to create advanced features for consumers. This is driven by a focus on designing lighter vehicles with more spacious interiors.

By Location

-On-shore

-Off-shore

By Location

Car companies are increasingly working with local engineering service providers (ESPs) to avoid intellectual property risks. This is why the on-shore segment is expected to grow the fastest. Eastern Europe's Ukraine is emerging as a destination for autonomous vehicle development, thanks to the presence of affordable software development centers. This trend suggests that car companies are looking for a balance between cost savings and protecting their ideas.

Economic consequences of the conflict and crisis between Russia and Ukraine

Sanctions imposed on Russia have disrupted supply chains, impacting companies that relied on Russian resources or talent. This can lead to delays in projects and increased costs for car

manufacturers. The war has exacerbated the global chip shortage, a pre-existing issue that is crucial for modern car features. This can further limit the ability of ESPs to deliver projects on time. The uncertain economic climate has caused car companies to tighten their budgets, potentially leading to a decrease in overall outsourcing spending. There are also potential silver linings. The conflict has highlighted the vulnerability of overreliance on geographically concentrated suppliers, prompting car companies to diversify their outsourcing partners. This could benefit ESPs in other regions, particularly those in Eastern Europe that have a growing talent pool for automotive engineering. The focus on electric vehicles and autonomous driving features is unlikely to diminish significantly. This means that car companies will still require specialized expertise, which they might be more willing to outsource in a cost-effective manner. The impact of the Russia-Ukraine conflict on the AESO Market is complex. While there are near-term challenges, it could also lead to a more geographically balanced and resilient outsourcing landscape in the long run.

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Regional Analysis

The Asia-Pacific region, particularly India, is poised to dominate the Automotive Engineering Service Outsourcing Market (AESO Market) due to a confluence of factors. India boasts a large pool of skilled and semi-skilled workers at competitive wages, making it a cost-effective destination for Original Equipment Manufacturers (OEMs) looking to outsource engineering tasks. There's a growing focus on innovation within the region. This focus on future-proof technologies positions India as a hub for expertise that caters directly to the evolving needs of consumers.

Important Takeaways from the Market for Automotive Engineering Services Outsourcing Market

Understanding market trends and prospects allows to make informed decisions about extending your service offerings or focusing on specific consumer categories.

Help to find possible new clients, especially those wishing to outsource to cost-effective regions.

Understanding the challenges might assist you in developing tactics to win clients and separate yourself from competition.

Help to decide how to allocate resources and make investments, ensuring that you have the necessary knowledge to meet the market's changing needs.

Major Key Players of Market

-Alten Group

-Altran

-ARRK Product Development Group Ltd.

-ASAP Holding GmbH

-AVL List GmbH

-Bertrandt AG

-EDAG Group

-ESG Elektroniksystem- und Logistik-GmbH

-FEV Group GmbH

-Horiba, LTD.

-IAV

-ITK Engineering GmbH Kistler Group

-P3 group GmbH

-RLE INTERNATIONAL Group

Recent Development

June 2022: Altair Engineering Inc. acquired Concept Engineering, which provides advanced visualization of electrical circuits, wire harnesses, and components for rapid and reliable development, manufacture, and service for industries demanding highly specialized debugging and visualization mechanisms for development and post-production product maintenance. Among these industries are automotive and aerospace.

October 2023: Bertrandt acquired Evopro Systems Engineering AG. With this acquisition, Bertrandt continues to advance its corporate strategy by expanding its range of services. In the future, the engineering service provider can offer even more comprehensive support for its customers in production services in an end-to-end process.

November 2022: AVL opened a new vehicle engineering center with direct access to the proving ground with the most modern and high-quality engineering facility for 150 experts, and 1,340 m² workshop space is perfectly set to meet future mobility.

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