

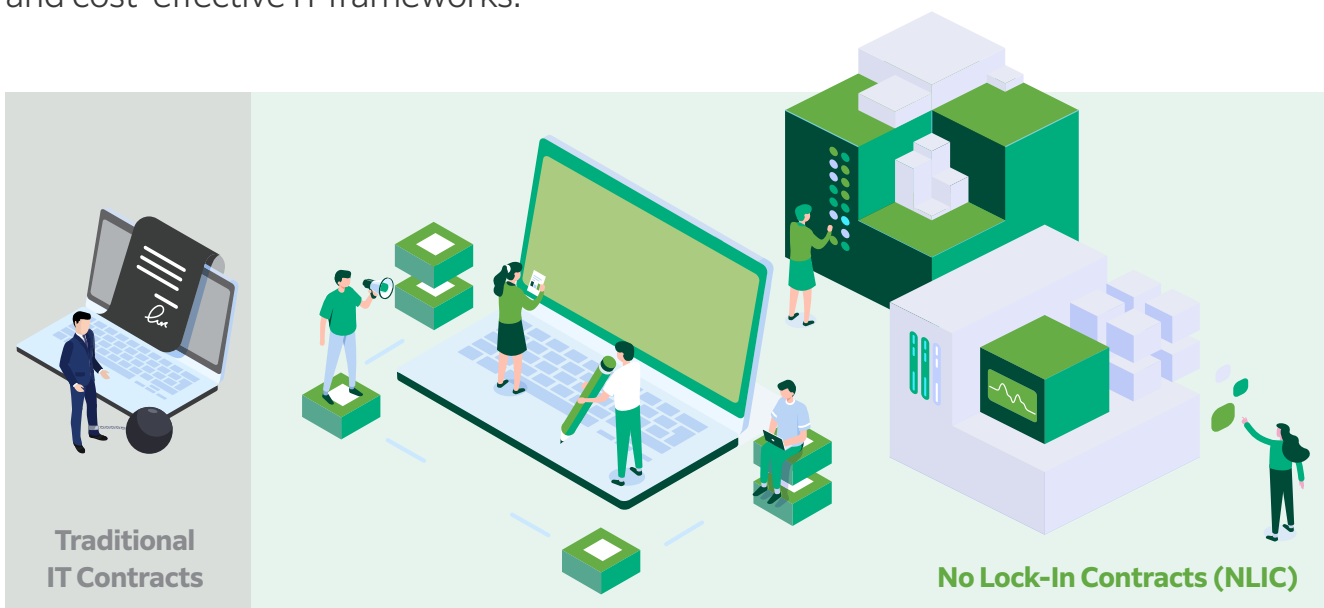
White Paper

Breaking Free

Why Businesses are Shifting to
No Lock-In Contracts for Managed IT Services

In the face of accelerating digital disruption, Australian organisations are more likely to be reconsidering traditional IT service models. With **68% of CIOs prioritising vendor consolidation** (ADAPT, 2025), traditional IT contracts—typically fixed for multiple years— may be misaligned with evolving business needs as enterprises today increasingly require scalable, adaptable, and cost-effective IT frameworks.

No Lock-In Contracts (NLIC)* may be a superior alternative, enabling organisations to swiftly adjust their IT services, innovate with less restriction, and align technology spending directly with business outcomes. This paper explores the limitations of traditional IT contracts and outlines the business case for adopting a NLIC approach.



Traditional IT Contracts: Stability at a High Cost

Traditional IT contracts generally lock businesses into fixed-term agreements, usually lasting one to five years, with predefined services, pricing, and performance metrics (Service Level Agreements or SLAs). While historically attractive for their predictability, these contracts may now hinder rather than support organisational agility.

As enterprises rapidly digitise, the limitations of these legacy contracts become clear:

- **Rigid structures inhibit innovation:** 70% of CIOs are increasing investment in AI, automation, and cloud integration (ADAPT, 2025). Under traditional contracts, integrating new technology mid-term may often become challenging and costly.

- **Vendor lock-in and overlapping services:** As organisations consolidate their IT vendor landscape, traditional contracts are likely to result in duplicated services and redundant expenses. With 68% of CIOs focused on reducing their vendor footprint (ADAPT, 2025), this inflexibility could be a significant drawback.
- **Costly exit penalties:** Exiting a traditional contract prematurely may involve substantial penalties. These penalties could discourage necessary shifts to better-performing providers or more advanced technologies.

According to Deloitte Insights, businesses locked into inflexible agreements often spend significantly more over the contract term, due to inefficient service delivery and missed opportunities for optimisation (Deloitte, 2023).

Why Businesses Are Transitioning Away from Traditional Contracts

Traditional contracts are generally more likely to hinder a business's ability to scale rapidly, integrate new technologies such as AI or automation in real time, and respond effectively to shifting markets. With the speed of innovation, a different contract model can be advantageous.

Bain & Company highlights that companies moving to agile procurement methods typically see measurable improvements in operational efficiency, strategic flexibility, and service responsiveness (Bain & Co., 2024). Additionally, McKinsey & Company found companies adopting flexible IT agreements could save up to 25–30% on IT costs due to reduced wastage and more precise alignment of services to real-time business needs (McKinsey, 2024).

Embracing No Lock-In Contracts: Unlocking Strategic Agility

Flexibility, Innovation, and Vendor Accountability

Contrary to common misconceptions, a No Lock-In Contract doesn't imply reduced commitment or weaker service standards. In fact, when structured effectively, it may increase accountability—requiring providers to continually deliver on their promises, knowing customers can walk away if expectations aren't met.

It's worth noting that not all no lock-in arrangements are created equal. Some providers offer flexibility at the expense of certainty—removing SLAs or allowing price changes at short notice. FUJIFILM IT Services' No Lock-In Contracts* take a different approach: combining flexibility with clear SLAs, consistent pricing, and defined service outcomes, so businesses don't have to choose between agility and reliability.

This shifts the focus from contract-bound revenue to performance-based outcomes, fostering a more responsive and collaborative partnership. As BMC notes, traditional rigid contracts often result in the 'watermelon effect', where metrics appear green externally, but the actual user experience remains poor. FUJIFILM IT Services' model is designed to minimise this disconnect by aligning service delivery with genuine customer satisfaction.



The Business Case for No Lock-In Contracts



Enhanced Vendor Flexibility

No Lock-In Contracts seek to directly address the growing priority of vendor consolidation, and enable streamlined, tailored services that align with business needs without redundant costs. With 68% of CIOs prioritising streamlined vendor management (ADAPT, 2025), organisations are shifting to flexible agreements to facilitate efficient vendor ecosystems that can help evolve rapidly.



Business Continuity and IT Resilience

In an era where digital operations are mission-critical, maintaining continuous business operations has become paramount. Traditional IT contracts may limit an organisation's ability to respond quickly and effectively to unexpected disruptions, potentially resulting in costly downtime or productivity losses. No Lock-In Contracts, by contrast, are designed to provide businesses the ability to maintain agility, scale resources, and pivot IT strategies during times of disruption. This helps businesses with upholding operational continuity, and reducing the risk and impact of unplanned interruptions. FUJIFILM IT Services' flexible model, for example, allows deployment of additional resources or support when they're needed, enabling organisations to navigate disruptions without contractual barriers.



Enhanced IT Service Responsiveness

Responsiveness is a critical factor in delivering value through IT services. Traditional contracts often define static service parameters that remain unchanged throughout the contract term, which may hinder the provider's ability to swiftly address emerging business needs or technical issues. In contrast, No Lock-In Contracts incentivise providers to maintain consistently high responsiveness, as customers have more freedom to exit agreements based on provider performance. This dynamic help enable ongoing provider accountability, faster issue resolution, and more tailored, proactive service delivery. FUJIFILM IT Services exemplifies this responsiveness by looking to ensure timely adjustments and proactive support, fostering continuous service improvements and greater client satisfaction.



Accelerated AI & Automation Integration

The need for agile frameworks is underscored by growing automation and AI adoption, prioritised by 58% of businesses (ADAPT, 2025). Traditional contracts may impede real-time integration of such technologies due to rigidity. Conversely, NLIC frameworks allow businesses to integrate emerging automation technologies, such as AI-driven process management, intelligent workflows, and cloud solutions, helping to deliver tangible efficiency gains.

ManageEngine emphasises that SLA flexibility is critical for adapting rapidly to new automation and AI tools, underscoring why rigid contracts may limit operational efficiency (ManageEngine, 2024).



Accelerated IT Modernisation

Businesses face pressure to modernise IT rapidly—61% of CIOs are investing in AI-driven transformation (ADAPT, 2025). Fixed-term agreements may lock organisations into legacy technologies, consequently impeding adoption of hybrid and multi-cloud strategies and AI-powered platforms. A NLIC approach enables iterative adoption of new technologies, enabling organisations to stay technologically competitive without waiting for rigid contract cycles.

Bain & Co. highlights that businesses with flexible IT contracts can respond faster to digital transformation demands, increasing their competitive edge and responsiveness to market shifts (Bain, 2023).



Security and Risk Management

Cybersecurity threats are continually evolving, becoming more sophisticated and frequent. Traditional contracts may lock businesses into predefined security protocols, preventing them from quickly implementing advanced or emerging security measures when threats arise. No Lock-In Contracts empower organisations with flexibility to proactively adapt their security posture, ensuring protection measures remain current and comprehensive.

FUJIFILM IT Services leverages this flexibility, offering advanced security measures aligned closely with evolving cybersecurity threats, thereby seeking to safeguard organisational data and infrastructure continuously.

SLAs as a Strategic Advantage

Clear and robust SLAs remain essential regardless of contract type. Atlassian highlights the need for SLAs to establish measurable, clear service expectations between providers and clients (Atlassian, 2024). IBM outlines several core SLA metrics such as Mean Time to Resolve (MTTR), response times, and customer satisfaction scores, emphasising that these metrics must be dynamic and adaptable rather than static and contractual bound (IBM, 2024).

Traditional contracts risk a phenomenon termed the “watermelon effect,” where services technically meet metrics but still fail to satisfy real-world business expectations (BMC, 2024). NLIC models look to minimise this pitfall by maintaining a continuous focus on quality outcomes. Providers must remain consistently responsive and effective to retain business.

Which Contract Model Fits Your Business?

Decision Factor	Traditional Contract	No Lock-In Contract
Cost Stability	Fixed costs over several years	Flexibility with contract; paying for what you need
Scalability	Limited scalability mid-contract	Services are scalable with business needs
Vendor Flexibility	Limited, exit penalties	Ability to switch vendors without penalties
Innovation Capability	Limited due to long cycles	Supports rapid adoption of new technology
Service Accountability	Static performance metrics	Performance metrics are competitive and responsive



Final Thoughts: Future-Proof Your IT Strategy

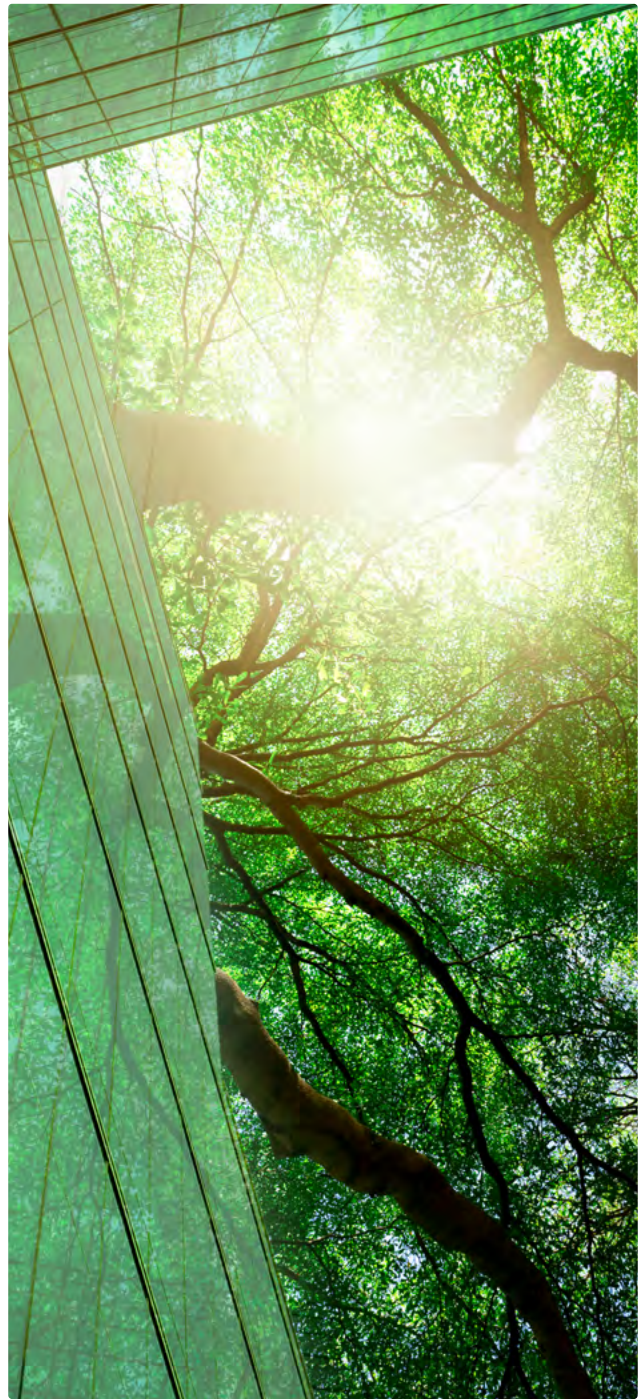
In an environment of continuous digital disruption, No Lock-In Contracts are designed to offer a critical competitive advantage, empowering organisations with the flexibility, agility, and cost efficiencies demanded in today's business landscape.

FUJIFILM IT Services offers enterprise-grade IT solutions with flexible, scalable No Lock-In Contracts designed to evolve with your business.

Explore how our flexible IT services can help drive your strategic goals forward:

FUJIFILM IT Services No Lock-In Contracts

Or scan the QR Code below



* No Lock-In Contracts (NLIC) refers to contracts with greater flexibility allowing the contract to be terminated on an agreed number of days.

References used:

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- McKinsey & Co., [IT Cost Optimisation Report](#), 2024

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