



Market Vista™: Select Findings Q1 2020

Data and Analysis – October-December 2019

An overview of our research offerings

▶ **Market Vista™**
Global services tracking across functions, sourcing models, locations, and service providers – industry tracking reports also available

- | | |
|---|--------------------------------------|
| ▶ Application Services | ▶ Human Resources |
| ▶ BPS Banking & Financial Services | ▶ ITS Banking & Financial Services |
| ▶ BPS Healthcare & Life Sciences | ▶ ITS Healthcare |
| ▶ BPS Insurance | ▶ ITS Insurance |
| ▶ Catalyst™ | ▶ IT Services Executive Insights™ |
| ▶ Cloud & Infrastructure | ▶ ITS Life Sciences |
| ▶ Customer Experience Management Services | ▶ Locations Insider™ |
| ▶ Data & Analytics | ▶ PricePoint™ |
| ▶ Digital Services | ▶ Procurement |
| ▶ Engineering Services | ▶ Recruitment & Talent Acquisition |
| ▶ Enterprise Platform Services | ▶ Service Optimization Technologies |
| ▶ Finance & Accounting | |

Membership information

- This report is included in the following research program(s)
 - [Market Vista](#)
- If you want to learn whether your organization has a membership agreement or request information on pricing and membership options, please contact us at info@everestgrp.com

More about membership

In addition to a suite of published research, a membership may include

- Accelerators™
- Analyst access
- Data cuts
- Pinnacle Model® reports
- PriceBook
- Virtual Roundtables
- Workshops

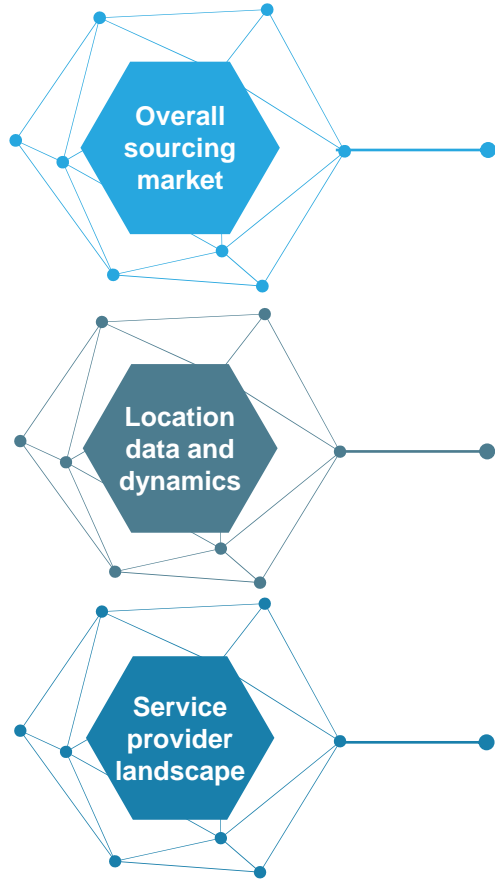
Custom research capabilities

- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

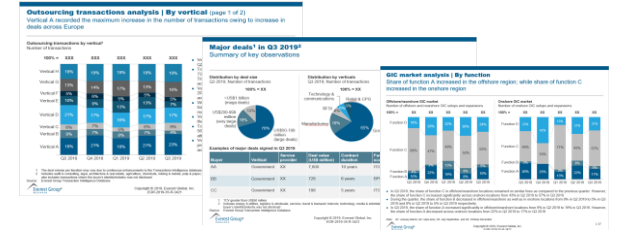
Market Vista | Overview

Covers global services market research, analysis, and insights to demystify the market and direct clear, impactful decisions

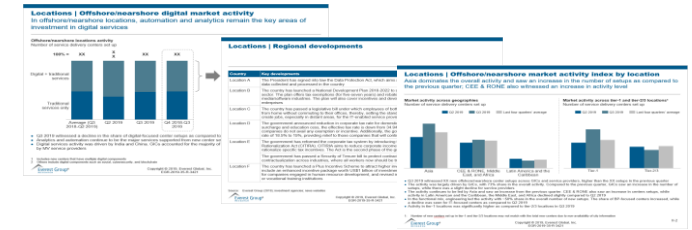
Everest Group
MARKET VISTA™



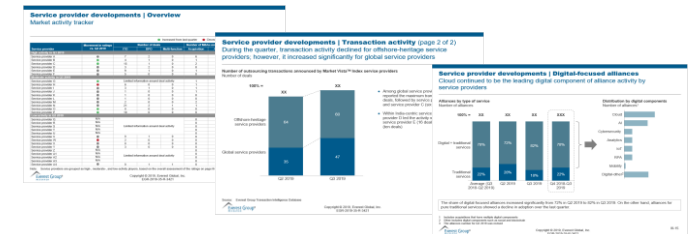
- Outsourcing transactions and GIC center set ups – detailed analysis by industry vertical and geography
- Distribution of transactions by traditional and digital services and split by digital components
- Report of transactions by deal size, volume, and geography
- GIC set ups and expansions by key functions delivered



- Data on center set up market activity in both offshore and onshore geographies
 - Center set up (overall and by city tier–1/2/3)
 - Distribution by traditional and digital services
 - Distribution of set ups by digital components
- Regional developments across locations



- Updates on service provider market activity (number of deals, M&As, alliances, new center set ups)
- Service provider developments, including financial performance (revenue, operating margins), transactions, location footprint, M&A activity, and digital-focused alliances



Quarterly reports and annual report

Global sourcing adoption report

Location database

Blogs/ viewpoints

Webinars / market briefings

Global services market pressing issues report

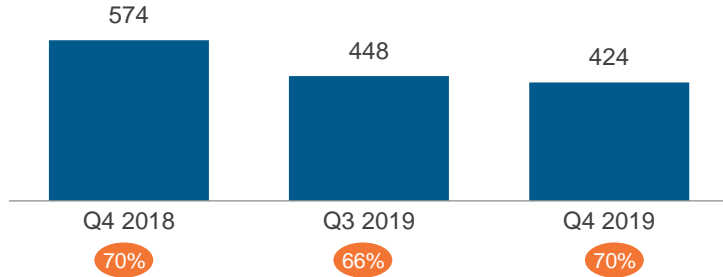
Analyst consultation

Global services dashboard: Q4 2019

Outsourcing/offshoring market overview

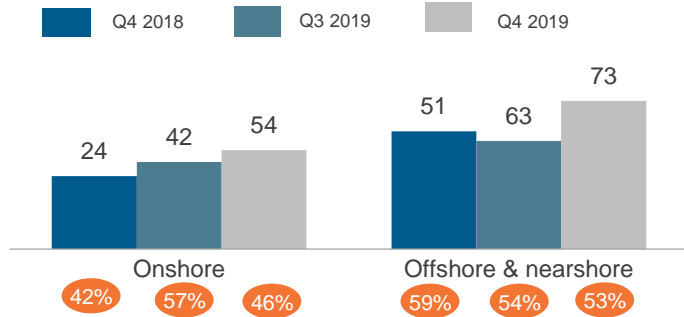
While outsourcing demand witnessed a decrease, share of digital deals increased compared to the previous quarter¹

Number of outsourcing transactions



GIC activity increased vis-a-vis Q3 2019

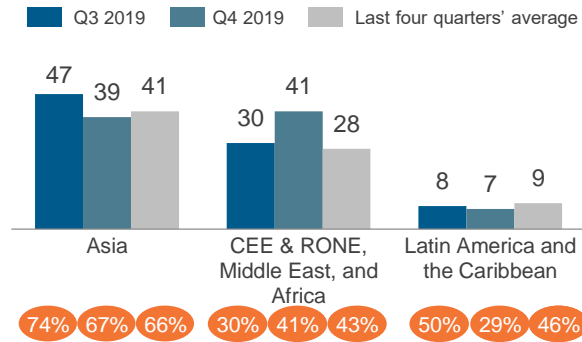
Number of new GIC setups and expansions



Offshore/nearshore location dynamics

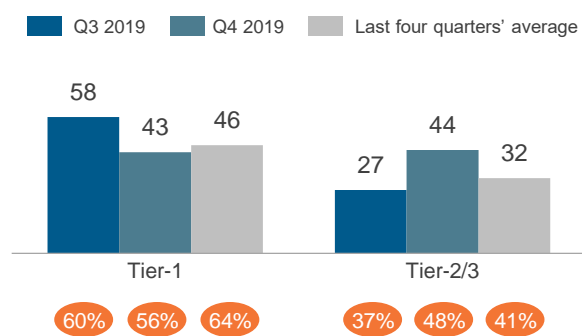
Asia witnessed a decline in activity, while CEE & RONE and Middle East & Africa saw an increase compared to Q3 2019

Number of delivery center setups



Share of tier-1 and tier-2/3 locations was largely similar in Q4 2019 with tier-2/3 witnessing a marginally higher number of setups

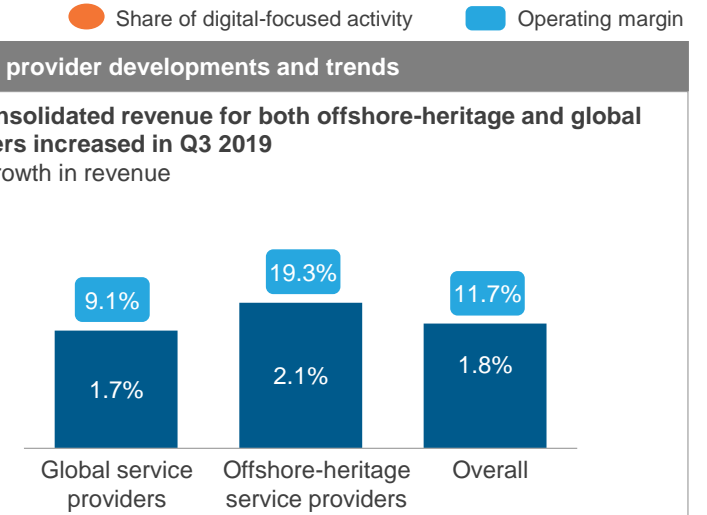
Number of delivery center setups



Service provider developments and trends

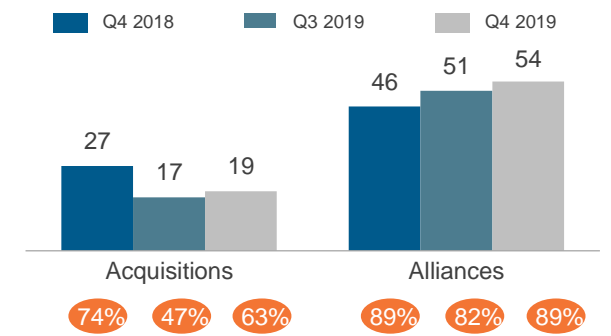
The consolidated revenue for both offshore-heritage and global providers increased in Q3 2019

QOQ growth in revenue



Both acquisition and alliance activity increased, compared to the previous quarter

Number of acquisitions and alliances



¹ The considerable increase in deal volume is due to the revised methodology regarding scope of services (mainly inclusion of digital deals) from Q2 2018 onward
 Note: Digital details around each parameter are added in respective sections

Global services | Key market trends in Q4 2019



Cloud demand in retail and CPG sector increased as enterprises look to enhance omnichannel customer experiences by leveraging cloud technologies

Increase in GIC setup activity across both offshore/nearshore and onshore locations, largely driven by the manufacturing sector

The Middle East and Africa witnessed a jump in activity, primarily driven by growth in engineering-focused GIC setups

Rise in center setups activity in tier-2/3 locations as both GICs and service providers are increasingly exploring smaller cities, especially in mature markets such as India, Ireland, and Poland

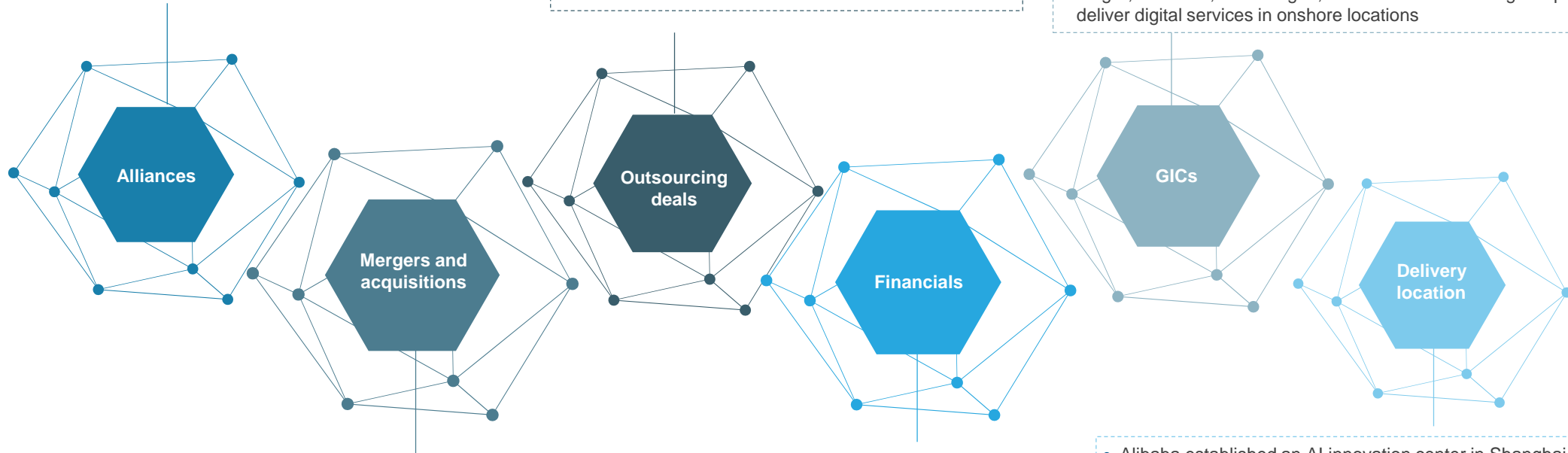
Key developments in the digital space – Q4 2019

Digital-focused activity

- Altran Technologies partnered with Phluido to co-create a containerized long-term evolution Radio Access Network (RAN) solution to help operators align their 4G and 5G network deployment strategy
- Capgemini partnered with Amazon Web Services to focus on broader technical training to help North American clients improve their business performance and transform digitally

- Bayer selected Capgemini for cloud and analytics services
- Air Force Research Laboratory (US) selected CACI International for AI services
- US Army selected General Dynamics Information Technology for cyber security services
- Turkcell selected P.I. Works for RPA services

- Enterprises such as Alibaba Group, Bank of America, Boeing, Intel, Microsoft, Nokia, PricewaterhouseCoopers, Samsung, Siemens, Toyota Motor, and Xiaomi opened GICs to provide digital services in offshore and nearshore locations
- Enterprises such as AIA Australia, Honeywell International, INA Schaeffler Group, Kenco, Konica Minolta, Mavenir Systems, OneSpan, Siemens, Taiger, TomTom, Volkswagen, and Warrant Technologies opened GICs to deliver digital services in onshore locations



- Leading providers such as Accenture, Atos, Cognizant, DXC Technology, and NTT Data continued to expand their digital capability through acquisitions
- During the quarter, Accenture acquired Clarity Insights to strengthen its AI, Machine Learning (ML), analytics, and data science capabilities and to expand its engineering business in North America. Around 350 employees will join Accenture's Applied Intelligence business, as part of the acquisition

- TCS' digital revenue accounted for 33.2% (~US\$1,831 million), a sequential increase of ~12%
- DXC reported a strong double-digit sequential and YOY growth in digital revenue

- Alibaba established an AI innovation center in Shanghai, China, to develop embedded chips and processors for AI-based applications
- Baufest established a delivery center in Monterrey, Mexico, to focus on digital transformation services
- Accenture opened a NanoLab in Medellin, Colombia, to help local clients accelerate adoption of emerging technologies such as AI, quantum computing, robotics, cybersecurity, and blockchain

Market Vista™ Index service providers

Global service providers



Offshore-heritage service providers



- 1 Pure-play engineering service providers
- 2 Xerox spun off its business services division to create Conduent
- 3 Convergys was acquired by Concentrix
- 4 DXC Technology was created through the merger of CSC and the enterprise services business of Hewlett Packard Enterprise (HPE)
- 5 Report covers only the services division of Fujitsu that is referred to as Fujitsu Services
- 6 Report covers the services division of IBM that is referred to as IBM Global Services (IBM GS)
- 7 NTT Data acquired Dell Services and the acquired entity is now called NTT Data Services

Additional research recommendations

The following documents are recommended for additional insight into the topic covered in this report. The recommended documents either provide additional details on the topic or complementary content that may be of interest:

1. **Market Vista™ Q4 2019** ([EGR-2019-35-R-3421](#)); 2019. This report summarizes the key trends and developments for Q3 2019 in the global offshoring and outsourcing market
2. **Global Services Market Pressing Issues in 2020: Enterprises' Perspective** ([EGR-2020-35-R-3554](#)); 2020. The Global Services Market Pressing Issues are unique reports, based on annual surveys, that capture the pulse of the market on key aspects of global sourcing industry. Everest Group interviewed senior stakeholders across enterprises in November 2019, to understand their thoughts as they underwent the planning the process for the year 2020. This report highlights the enterprises' growth sentiments, key priorities, challenges, and outlook for 2020, with a deep dive into sourcing and procurement stakeholder groups
3. **Market Vista™: Industry Insights – Healthcare** ([EGR-2020-35-R-3547](#)); 2020. The Global Sourcing Adoption Trends reports are new additions to our flagship Market Vista™ offering. These are unique reports that cover enterprise-specific view of global sourcing adoption and maturity, specific to key sectors. The report reflects the benchmarks and trends specific to all the leading North America and Europe-based healthcare majors as well as leading service providers in this sector. This report will be useful for healthcare firms, their GICs, as well as service providers as part of ongoing initiatives to assess sector-specific benchmarks and insights
4. **Advanced Locations Tool (ALT)**: Covering 200+ locations globally, Advanced locations tool (ALT) provides access to data for 11 horizontal and 16-BFSI specific functions across various parameters. The tool is preconfigured for commonly used structure with flexibility to modify analysis format. Moreover, the choice of cities and analysis can be customized as per client's requirements

For more information on this and other research published by Everest Group, please contact us:

- | | |
|--|--|
| H Karthik , Partner – Global Sourcing: | h.karthik@everestgrp.com |
| Rohan Kapoor , Senior Analyst – Global Sourcing: | rohan.kapoor@everestgrp.com |
| Sana Jamal , Senior Information Specialist – IS, Research: | sana.jamal@everestgrp.com |
| Sauban Nafees , Senior Information Specialist – IS, Research: | sauban.nafees@everestgrp.com |

Website: www.everestgrp.com | Phone: +1-214-451-3000 | Email: info@everestgrp.com



About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empower clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at www.everestgrp.com.

Dallas (Headquarters)

info@everestgrp.com
+1-214-451-3000

Bangalore

india@everestgrp.com
+91-80-61463500

Delhi

india@everestgrp.com
+91-124-496-1000

London

unitedkingdom@everestgrp.com
+44-207-129-1318

New York

info@everestgrp.com
+1-646-805-4000

Toronto

canada@everestgrp.com
+1-416-388-6765

Stay connected

Website



www.everestgrp.com

Social Media



@EverestGroup



@Everest Group

Blog



www.everestgrp.com/blog/

This document is for informational purposes only, and it is being provided "as is" and "as available" without any warranty of any kind, including any warranties of completeness, adequacy, or fitness for a particular purpose. Everest Group is not a legal or investment adviser; the contents of this document should not be construed as legal, tax, or investment advice. This document should not be used as a substitute for consultation with professional advisors, and Everest Group disclaims liability for any actions or decisions not to act that are taken as a result of any material in this publication.