



Market Vista™: Q2 2020

Market Vista™

Data and Analysis – January-March 2020: Select Findings

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Global services tracking across functions, sourcing models, locations, and service providers – industry tracking reports also available

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

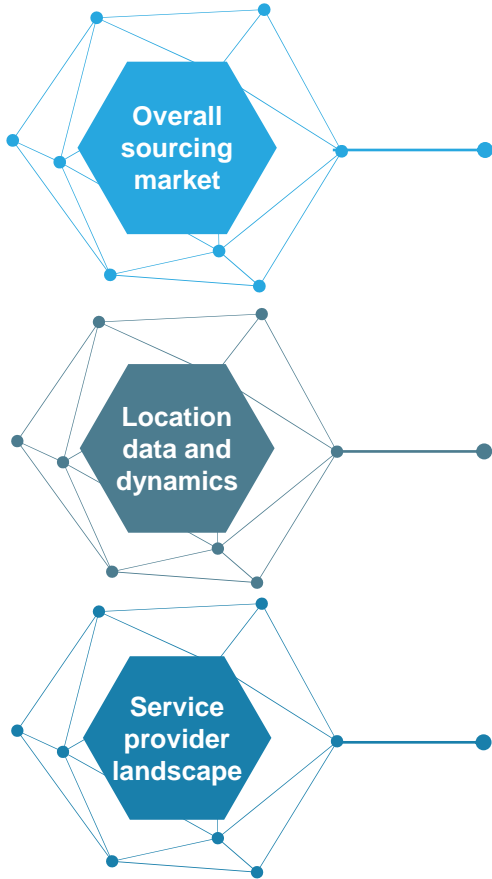
- Accelerators™
- Analyst access
- Data cuts
- Pinnacle Model® reports
- PriceBook
- Virtual Roundtables
- Workshops

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



- Outsourcing transactions and GBS 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
- GBS 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 | Key market trends in Q1 2020



The BFSI vertical witnessed significant uptick in digital deals due to rise in consumer demand for digital banking amidst the pandemic. Demand for desktop services also increased as enterprises look to enhance workplace transformation services to enable and support remote workforce

GBS witnessed a significant decline in new center setups in both onshore and offshore locations owing to a substantial decrease in center setups by manufacturing companies in Europe and MEA¹ region

Overall location activity saw a decline across both offshore and onshore geographies driven by a significant reduction in center setups in the European region (CEE & RONE¹ and Western Europe)

Service providers continued to witness senior leadership changes as part of their plans to undergo organizational restructuring, to drive digital transformation

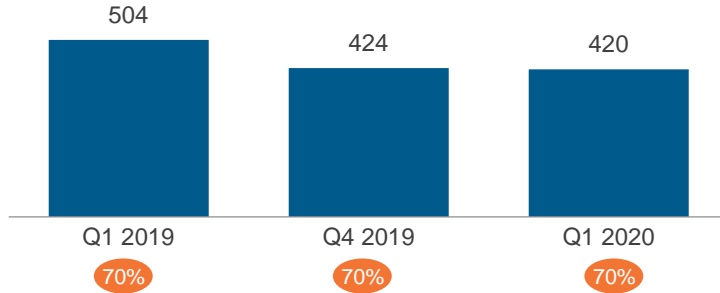
1 MEA – Middle East & Africa, CEE – Central and Eastern Europe, RONE – Rest of Nearshore Europe

Global services dashboard: Q1 2020

Outsourcing/offshoring market overview

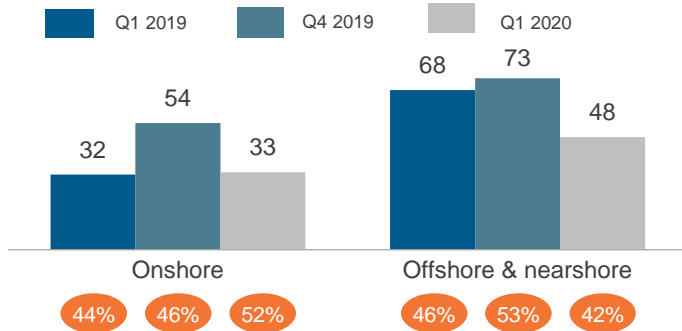
Outsourcing demand witnessed a marginal decline, whereas share of digital deals remained similar to the previous quarter¹

Number of outsourcing transactions



GBS activity declined vis-a-vis Q4 2019

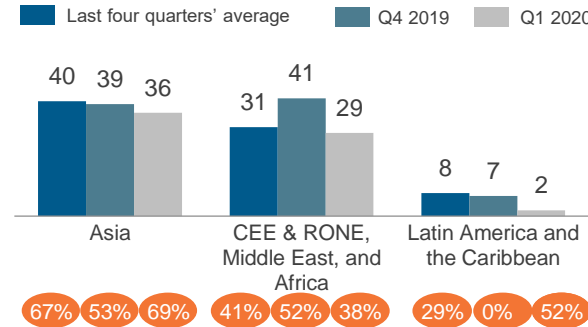
Number of new GBS setups and expansions



Offshore/nearshore location dynamics

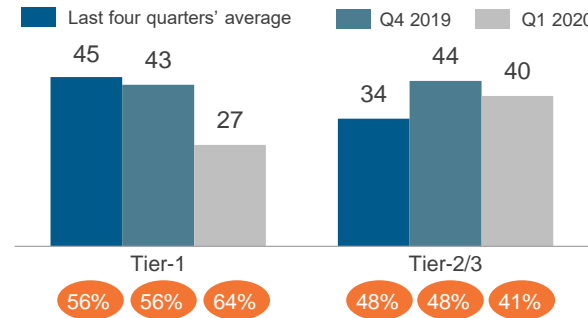
Overall activity saw a decline in Q1 2020, centers set up in CEE & RONE and Latin America and the Caribbean saw a sharp fall

Number of delivery center setups



Activity across both tier-1 and tier-2/3 locations fell in Q1 2020 as compared to Q4 2019

Number of delivery center setups

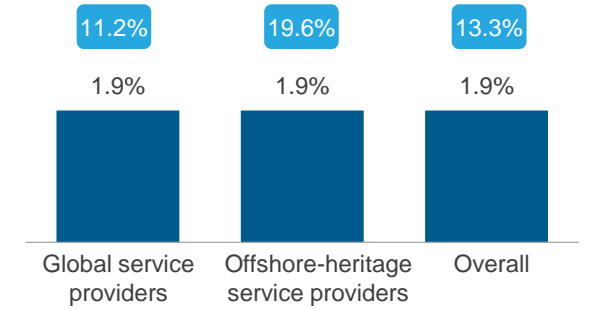


Share of digital-focused activity (orange circle) Operating margin (blue square)

Service provider developments and trends

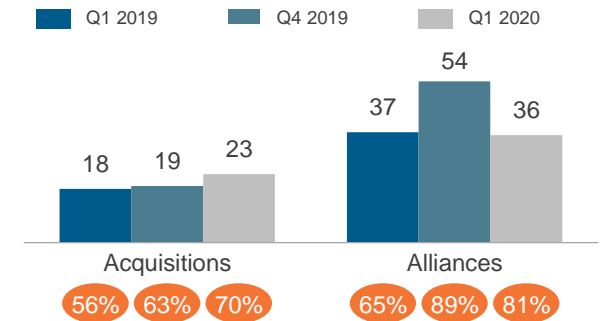
The consolidated revenue for both offshore-heritage and global providers increased in Q4 2019

QOQ growth in revenue



Acquisition activity increased, whereas alliance activity decreased significantly, compared with the previous quarter

Number of acquisitions and alliances



Note: Digital details around each parameter are added in respective sections
 Note: Q1: January-March, Q2: April-June, Q3: July-September, and Q4: October-December

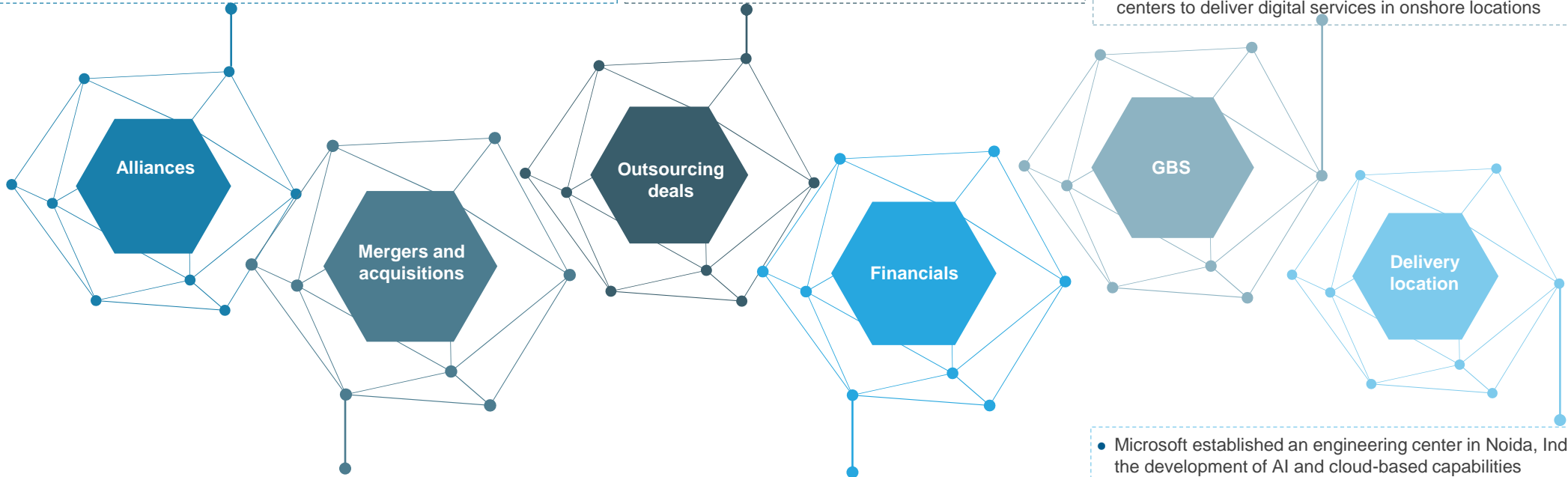
Key developments in the digital space: Q1 2020

Digital-focused activity

- Fujitsu partnered with Upstream Security, to jointly develop security operations solutions for connected vehicles by leveraging Upstream's C4, and Fujitsu's ICT-security operation center solution and big data processing technology
- Wipro partnered with Skybox Security, to co-deliver network visibility of the IT-OT attack surface enabling enterprises to avoid misconfigurations, understand vulnerability exposure, identify access policy violations, and address the Industry 4.0 security challenge

- Department of Interior (US) selected CenturyLink for cloud services
- Walgreens Boot Alliance selected TCS for AI services
- Naval Air Systems Command (US) selected KBR for cloud and analytics services
- Federal Ministry of the Interior (Germany) selected CGI Group for cloud and consulting services

- Enterprises such as Delta Air Lines, LinkedIn, Microsoft Corporation, Novartis, OPEX Group, Tesla Motors, Twitter, Uber, and Vodafone opened GBS centers to provide digital services in offshore and nearshore locations
- Enterprises such as Abaco Systems, Amazon, Hitachi Healthcare Americas, InComm, Jerusalem Venture Partners, JP Morgan, Kroger, MasterCard International, Volkswagen, and Zesty.ai opened GBS centers to deliver digital services in onshore locations



- Leading service providers including Accenture, Capgemini, CGI Group, Cognizant, Infosys, DXC Technology, Tech Mahindra, and Wipro continued to expand their digital capability through acquisitions
- During the quarter, Accenture acquired Context Information Security and Symantec's cybersecurity services business from Broadcom to strengthen its managed security services and other cyber defense offerings

- Infosys' digital revenue accounted for 41.9% (~US\$1,341 million), a sequential increase of ~2% and a YOY CC growth of 31.7%
- Wipro's digital business revenue grew at 18.3% YOY and represented 41.2% of Wipro's overall revenue in the quarter ending March 2020

- Microsoft established an engineering center in Noida, India to focus on the development of AI and cloud-based capabilities
- HCL established a delivery center in Colombo, Sri Lanka to offer applications & system integration services, infrastructure services, and digital process operations to its global customers
- TresVista opened a delivery center in Bangalore, India to focus on data analytics and fund administration services

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™: Q1 2020** ([EGR-2020-35-R-3567](#)); 2020. This report summarizes the key trends and developments for Q4 2019 in the global offshoring and outsourcing market
2. **Market Vista™: 2019 Year in Review and Outlook for 2020** ([EGR-2020-35-R-3638](#)); 2020. The report Market Vista™: 2019 Year in Review and Outlook for 2020 provides an overview of the developments in the global services industry in 2019 and presents our outlook for 2020. We also highlight key trends and drivers for GBS centers, offshore/nearshore locations, service providers, and outsourcing transactions. The report will help buyers, analyst communities, experts, and business executives assess sourcing market developments from service providers' and buyers' points of view to help them take timely and best-suited decisions
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 GBS centers, as well as service providers as part of ongoing initiatives to assess sector-specific benchmarks and insights

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

H Karthik , Partner – Global Sourcing:	h.karthik@everestgrp.com
Hrishi Raj Agarwalla , Practice Director– Global Sourcing:	hrishi.agarwalla@everestgrp.com
Rohan Kapoor , Senior Analyst – Global Sourcing:	rohan.kapoor@everestgrp.com
Sana Jamal , Senior Information Specialist – IS, Research:	sana.jamal@everestgrp.com

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



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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

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