



# **Topic: Global In-house Center (GIC) Landscape in Malaysia and Trends in Offshore GIC Market**

Global Sourcing (GS)  
Market Report: October 2013 – Preview Deck

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# Background and scope of research

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## Background of the research

- The global sourcing market continues to evolve and grow rapidly in 2012 to reach a size of ~US\$127 billion. While buyers leverage different sourcing models as per their objectives and requirements, the in-house model continues to be an integral component of this evolution
- The success of the GIC model in India and Philippines led the buyers to explore other locations. While both these countries continue to lead GIC activity, companies also established GICs in other parts of Asia, Central and Eastern Europe, Latin America, and Africa
- One of the strongest contenders for Asian region is Malaysia, with significant GIC presence in the country. Due to its unique value proposition in terms of multi-lingual, multi-cultural capabilities, significant expertise, and supportive government bodies, the country is well established to support voice-based and non-voice work (mainly finance & accounting and application services). The market is also gradually expanding to offer high-end work such as analytics

## The scope and methodology of this report include:

- In the first section of this edition of the biannual GIC report, we analyze the offshore GIC landscape in Malaysia in terms of market size, historical growth, future growth expectations, landscape of GIC parents, functions supported, and key cities witnessing activity
- The report also provides an update on the global offshore GIC landscape, along with a view of the recent trends (2011 to H1 2013) in the GIC landscape
- This report is based on Everest Group's proprietary GIC database that is updated quarterly with new set-up activity, expansion/contraction of existing GICs, divestures, and capability additions

# Terminology | Global In-house Center (GIC) replacing “captive”

## Context

- Historically, the term “captive” has referred to service delivery operations in lower cost geographies, which are owned and operated by the same company receiving the services (i.e., not third-party outsourcing)
- Although, the term has become widely used, it has a perceived negative tone and is not self-explanatory, causing confusion for those new to the global services space
- Furthermore, many organizations, for which captive is intended to describe, do not use the term themselves

## What has changed

- Everest Group adopted “Global In-house Center” or “GIC” as the preferred term to replace “captive”
- This will appear in all of our reports and content beginning in July 2012

### Growing industry-wide shift

Both NASSCOM (India) and BPAP (Philippines) are championing the change in terminology

**NASSCOM**<sup>®</sup>

**BPAP**<sup>®</sup>  
Business Processing Association  
**PHILIPPINES**

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# This research leverages Everest Group's proprietary GIC database that tracks offshore GICs of leading companies

## Everest Group's proprietary GIC database

### Unique characteristics

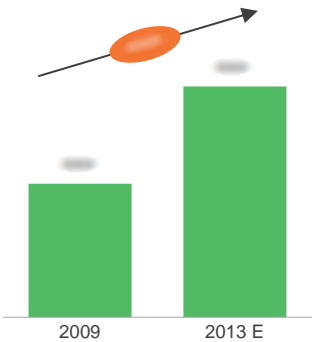
- Industry's most comprehensive database of offshore GICs located across India, Rest of Asia, Europe, Latin America, and Africa
- Tracks GICs of leading firms (e.g., Forbes 2000 and Fortune 500 companies)
- Database covers more than 1,600 GICs
- Focus on GICs providing offshore delivery of global services – excludes shared services centers serving the domestic market

### Key dimensions tracked

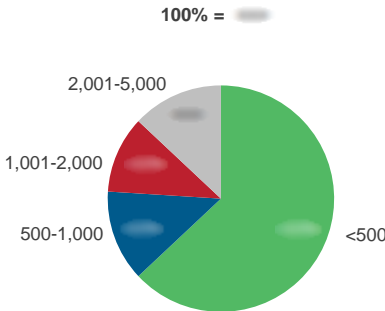
- Scale (FTE range)
- Industry verticals
- Functions offered (e.g., IT, BP, and ES/R&D)
- Parent geographies
- Parent size (revenue range)
- Location of delivery centers

# This report provides an in-depth analysis of the GIC landscape and trends in Malaysia

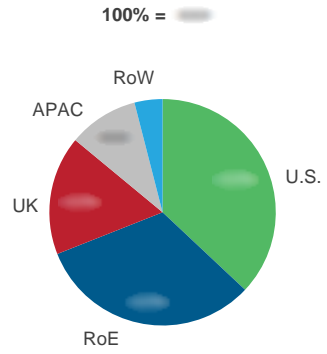
**Malaysian IT-BPO industry size**  
US\$ billion



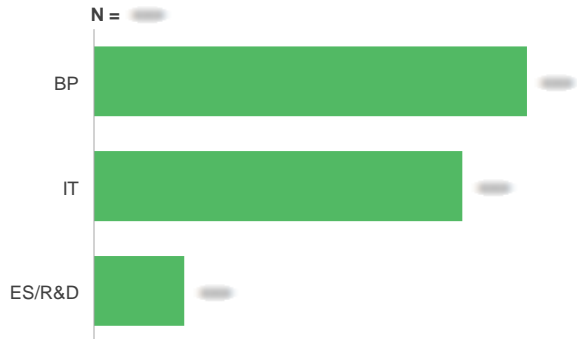
**Offshore GICs by headcount – range of FTEs**  
H1 2013; Number of GICs



**Offshore GICs by parent geography**  
H1 2013; Number of GICs



**Offshore GICs by functions**  
H1 2013; Number of GICs

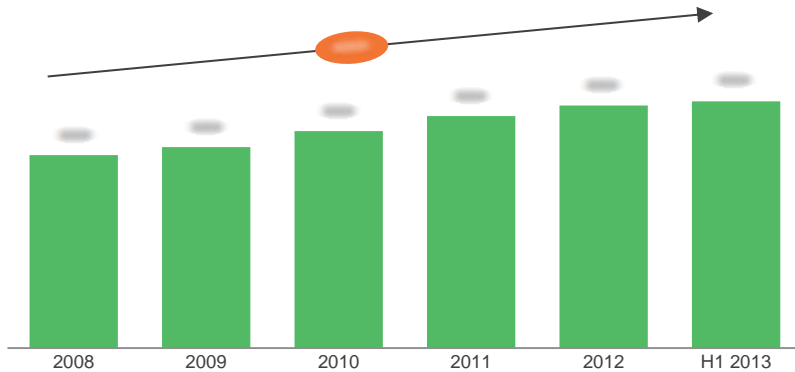


Source: Everest Group (2013)

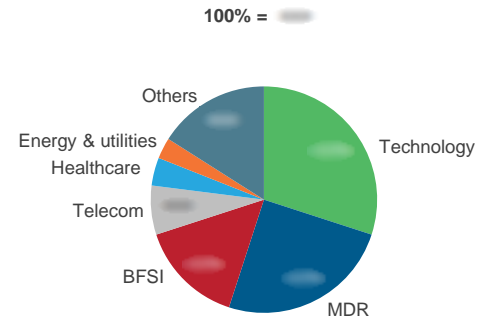


# The research also covers a detailed analysis of the GIC landscape and trends

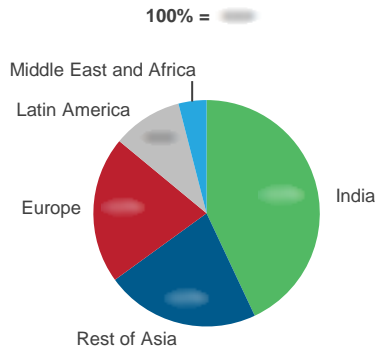
Number of leading offshore GICs



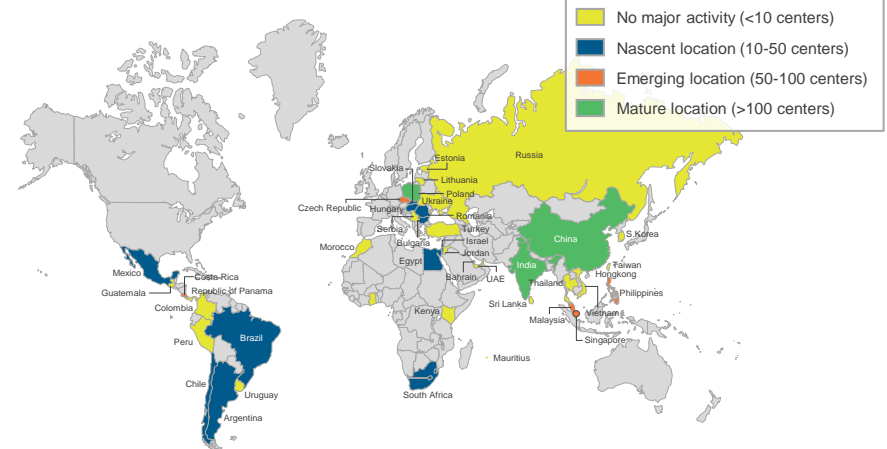
Offshore GICs by industry vertical 2013; Number of GICs



Offshore GICs by delivery location 2013; Number of GICs

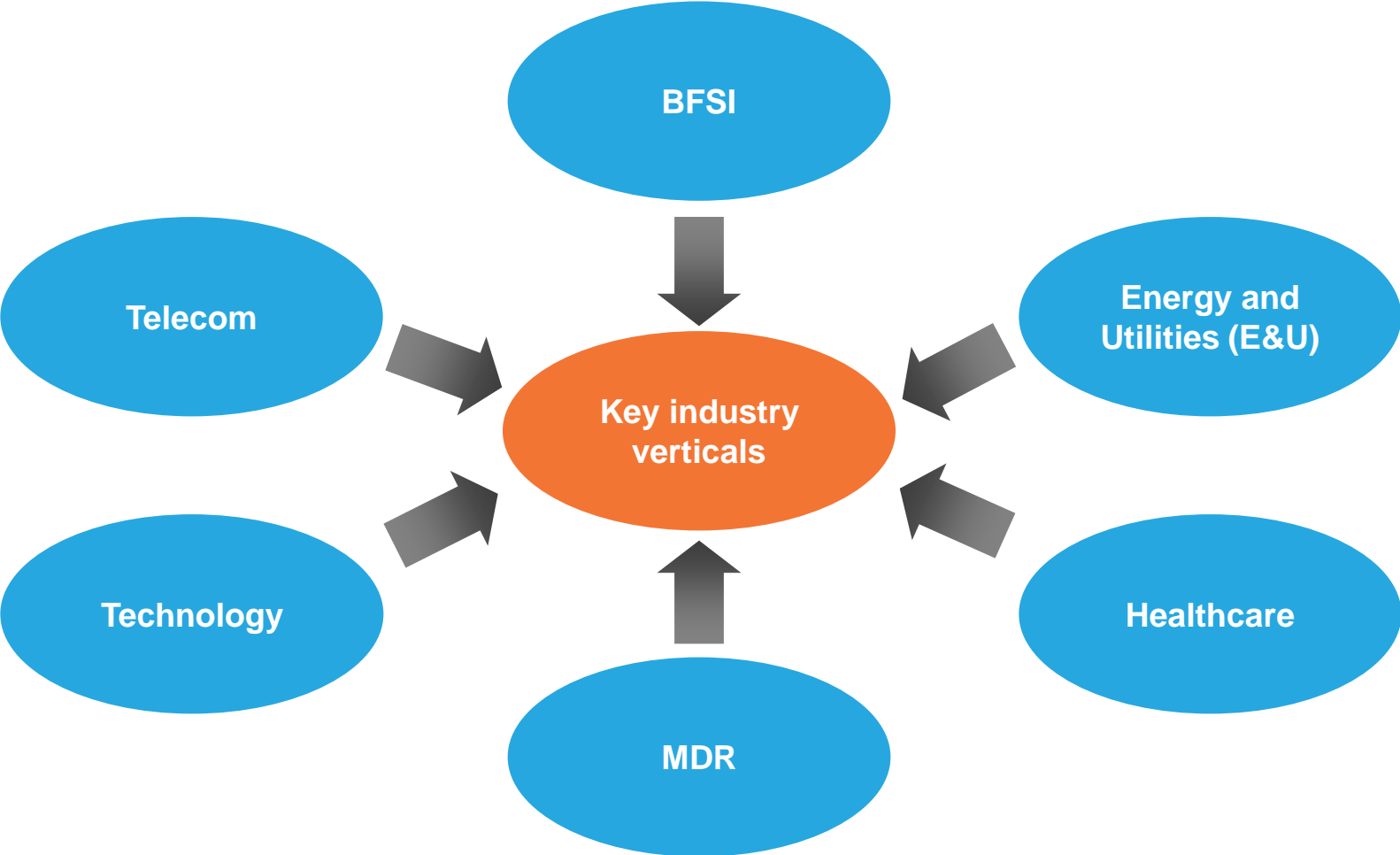


GIC activity | Market activity heatmap



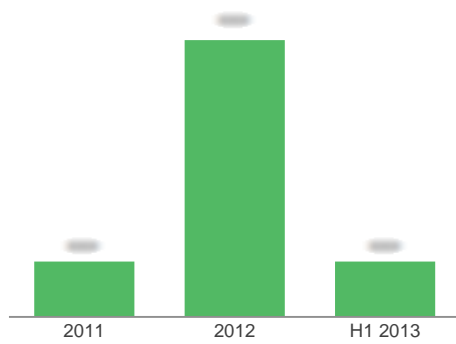
Source: Everest Group (2013)

# The report analyzes the GIC market across six key industry verticals

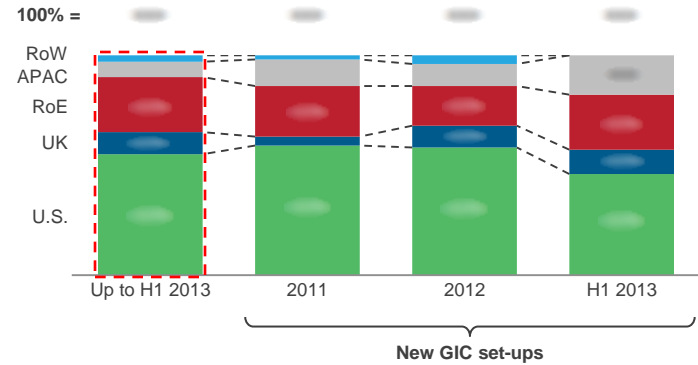


# This study also provides an analysis of the recent trend (2011 to H1 2013) within the GIC landscape

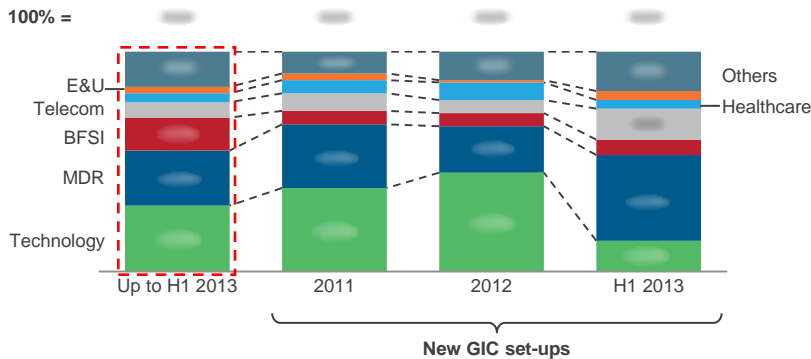
Number of offshore GIC divestitures



Offshore GICs by parent geography  
Percentage



Offshore GICs by industry verticals  
Percentage



Offshore GICs by functions



Source: Everest Group (2013)

# GS research calendar

■ Published
 ■ Current

**Topic** **Release date**

Global In-house Center (GIC) Landscape in Costa Rica and Trends in Offshore GIC Market .....	April-2013
Driving Impact through Collaboration: Collaboration in the GIC-Parent, GIC-Vendor, and GIC-GIC Ecosystem .....	April-2013
The Classic Sourcing Model Conundrum – Global In-house Center (GIC) vs. Third-party Provider .....	May-2013
Delivering Value Beyond Savings in the GIC Model – A Survey of Organizations with GIC Operations .....	June-2013
Two Sides, One Story – Value Beyond Savings from Global In-house Centers (GICs) .....	July-2013
Outsourcing and Offshoring Trends in the Oil and Gas Sector .....	September-2013

Global In-house Center (GIC) Landscape in Malaysia and Trends in Offshore GIC Market .....	September-2013
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De-mythifying” Location Concentration Risk: Realities Behind Common Myths of Location Concentration Risk .....	Q4-2013
Global Locations Compass: Poland .....	Q4-2013
Global Locations Compass – Mexico .....	Q4-2013
Viewpoint (Hallmarks of mature GICs – Learnings to stay ahead) .....	Q4-2013

# Appendix: Additional research recommendations

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

- 1. Global In-house Center (GIC) Landscape in Costa Rica and Trends in Offshore GIC Market** ([EGR-2013-2-R-0863](#)); 2013. This report provides a deep-dive into the GIC landscape in Costa Rica. The research also provides an in-depth analysis of the overall offshore GIC landscape, focused coverage on key industry verticals, and insights into trends of the last three years (2010-2012)
- 2. Global Offshore Global In-house Center (GIC) Landscape and Trends: Focus Geography – Poland** ([EGR-2012-2-R-0747](#)); 2012: This report analyzes the global offshore GIC landscape and key trends for the last 30 months (2010 – H1 2012). The report also provides a deep-dive analysis of the offshore GIC landscape in Poland covering market size and growth, distribution of GIC landscape, and in-depth exploration of industry verticals
- 3. Global Offshore Captive Landscape and Trends: Focus Geography – The Philippines** ([EGR-2012-2-R-0661](#)); 2012. This report analyzes the global offshore GIC landscape and key trends for the last three years (2009-2011). The report also provides a deep-dive analysis of the offshore GIC landscape in the Philippines, covering market size and growth and distribution of GIC landscape, and in-depth exploration of industry verticals

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### At a glance

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