



Overview of Key Developments in Q3 2012

Global Sourcing (GS): Industry Trends – Preview Deck

Contents

- **Product overview**
- Illustrative contents

The increasing complexity of the outsourcing market has amplified the risk exposure for companies

Factors driving increased risk

Vendor and model proliferation Multiple service providers and business models

Large span of functions Typically combination of many IT, BPO and some KPO services

Increasing scope Significant proportion of operations now in low cost locations

Global delivery chain Services often delivered from multiple locations with diverse risk footprint

Dynamic economies Most delivery locations are emerging economies going through rapid change

Examples of risks

Regulatory risk
Ensuring compliance with regulatory guidelines in source and destination countries across service providers

Business case risk
Managing wage inflation without affecting quality of service

Performance risk
Managing quality of service delivery, attrition, knowledge retention

Data security and intellectual property risk
Implementing measures to safeguard data and intellectual property

Concentration risk

Business continuity risk

Currency risk

....

Most large companies have capabilities in global risk management. However, the level and type of risk exposure that is emerging from the globalization of services is unprecedented

Sourcing leaders are being asked to manage risks associated with global sourcing and support the delivery of transformational results



Key decisions that Sourcing managers need to support

- Comparison with peers
- Location risk management
- service provider selection and optimization
- Design of new deals
- Price benchmarking and contract renewals

Market Vista enables effective decision-making

Global Sourcing Managers need research, analysis, and insight to demystify the market and direct clear, impactful decisions

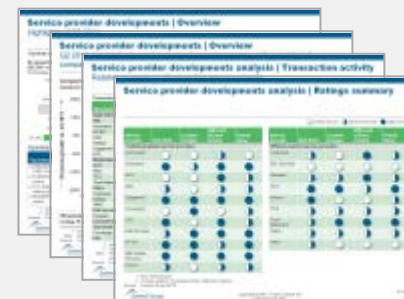
Overall sourcing market

- Detailed analysis of trends by industry vertical and geography
- Report of transaction volume, size, and momentum
- Perspective on events with significant industry impact (e.g., M&A)
- Implications of regulatory changes



Service provider landscape

- Updates on service provider market share, capabilities, and performance
- Service provider profiles, including data on:
 - Transactions
 - Location footprint
 - M&A activity



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Location data and dynamics

- Data on market activity in key offshore geographies
 - Political
 - Macroeconomic
 - Promotion incentives
- Trends in wage inflation, attrition, and arbitrage



Processes and models

- Process-level trends
- **Global In-house Center (GIC)** set-ups, divestitures, and overall trends
- Fact-based insights on adoption of emerging pricing models
- Data and perspectives on new opportunity areas



Quarterly
report

Primer

Location
database

Breaking
viewpoint

Location insights
e-newsletter

Service provider
capability profiles

Industry
trends

Industry trends complement the Market Vista suite through quarterly reports focused on industry-specific global sourcing data, developments and insights

Each quarterly Industry Trends report captures developments across three key areas

1

Outsourcing transactions

- Outsourcing transactions trends
 - Industry-specific transaction growth
 - Comparison with overall market growth
- Transaction analysis
 - By function, geography, and sub-vertical
 - By processes and sub-processes
 - By new deals and restructured/renewed deals

2

GIC market analysis

- Industry-specific GIC announcements
 - GIC set-up and expansion
 - GIC announcement details
- Notable GIC divestures with details

3

Service provider activity and deals

- Key developments amongst service providers
 - Transaction activity
 - Share of service providers
- Significant outsourcing deals signed by leading companies
 - Listing of major BPO/IT outsourcing deals

Industry trends comprise of four quarterly reports for each of the eight key industries comprising majority of the global sourcing industry

Key sub-verticals covered (illustrative)

1

Banking, Financial Services, and Insurance (BFSI)

- Banking
- Insurance
- Other financial services

2

Manufacturing, Distribution, and Retail (MDR)

- Automotives and auto-components
- Consumer packaged goods
- Heavy and light manufacturing
- Retail, distribution, and logistics

3

Energy and Utilities (E&U)

- Oil and gas
- Petro-chemicals
- Utilities

4

Healthcare

- Pharmaceutical and Life sciences
- Healthcare payers
- Healthcare providers

5

Technology

- Software – products and R&D
- Semiconductors
- Computer hardware and peripherals

6

Telecom

- Telecom service providers and manufacturers
- Telecom networks

7

Public Sector

- Government sector
- Defence sector

8

Travel and Hospitality

- Travel
- Hospitality

Key sub-verticals covered (illustrative)

20+ pages in each industry trends report

Quarterly industry trends reports for each industry

32 industry trends reports across eight industries in a year

Contents

- Product overview
- **Illustrative contents**

Each Industry Trends quarterly report comprises 20+ pages of insight and data

Illustrative Table of Contents

Topic

Section I: Outsourcing transaction trends

- Outsourcing transactions overview
- Break-up of industry specific transactions by function
- Break-up of industry specific transactions by processes and sub-processes
- Transaction renewal/restructuring activity

Section II: GIC analysis

- GIC market analysis overview
- GIC market analysis by geography

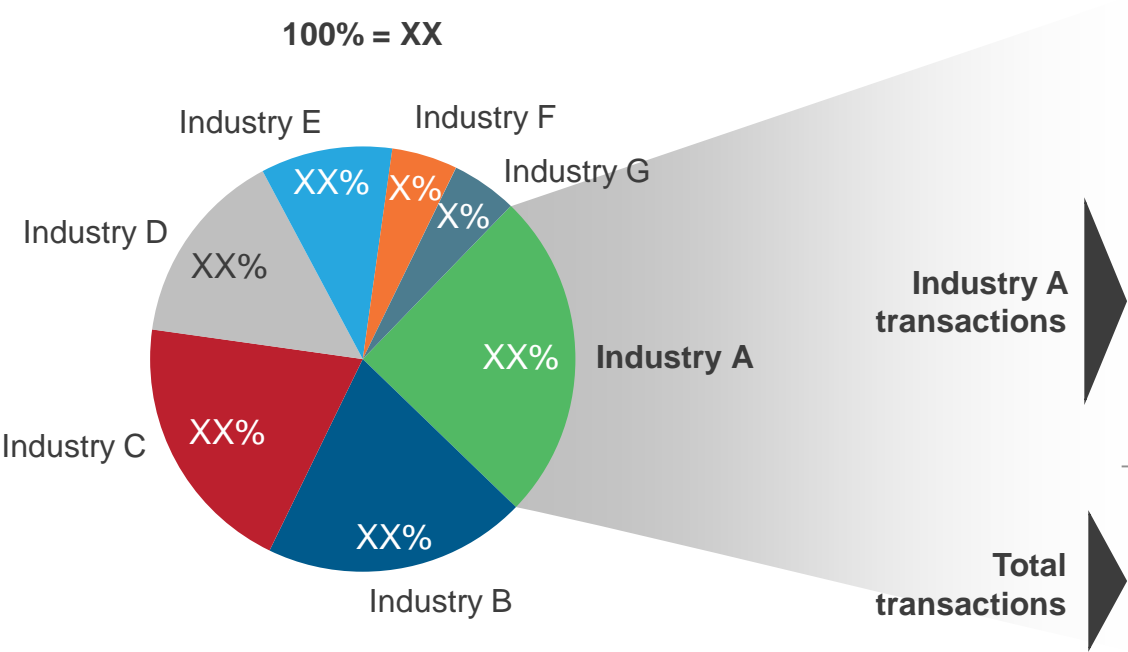
Section III: Service provider activity and deal information

- Share of service providers in total transaction activity
- Notable deals signed by service providers
- Major outsourcing-related developments across leading companies

Section I: Outsourcing transaction trends

Industry A accounted for XX% of total reported outsourcing transactions in QX Year Y with volumes increasing compared to XX

Break-up of outsourcing transactions by industries
QX Year Y; Number of transaction



Index of outsourcing transactions¹
Number



- The overall outsourcing market XXXX by XX % in QX Year Y compared to XXXX
- During the same period, transaction volumes in Industry A increased by XX%

¹ Includes only data that has been publicly disclosed
² n = Number of outsourcing transactions in the quarter, across all industries
Source: Everest Group Transaction Intelligence Database

Section I: Outsourcing transaction trends

Transaction volumes XXXX across both ITO and BPO functions

Break-up of industry specific transactions by function
Number of transaction

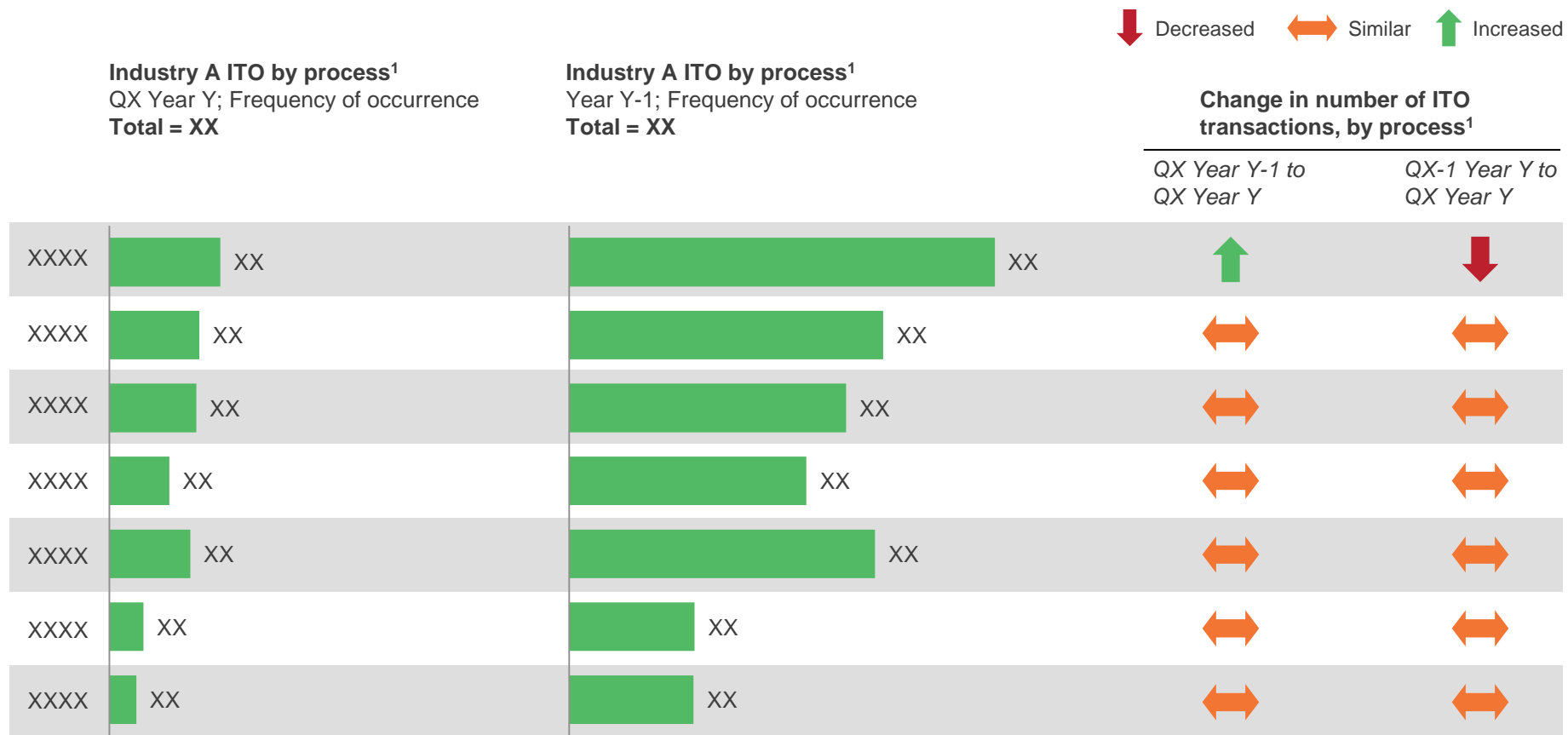


- ITO transactions in the XX industry XX by XX% compared to XXXX
- During the same period, BPO transactions registered XXXX
- XX contracts were signed having components of both BPO and ITO, compared to XX in the previous quarter

Source: Everest Group Transaction Intelligence Database

Section I: Outsourcing transaction trends

Higher outsourcing adoption in XXXX, XXXX, and XXXX



- There is significant adoption of XXXX with about XX% deals having this component
- Except for XXXX, activity in all other ITO functions was similar to previous quarter and last year

1 Includes IT transactions that have a BPO component

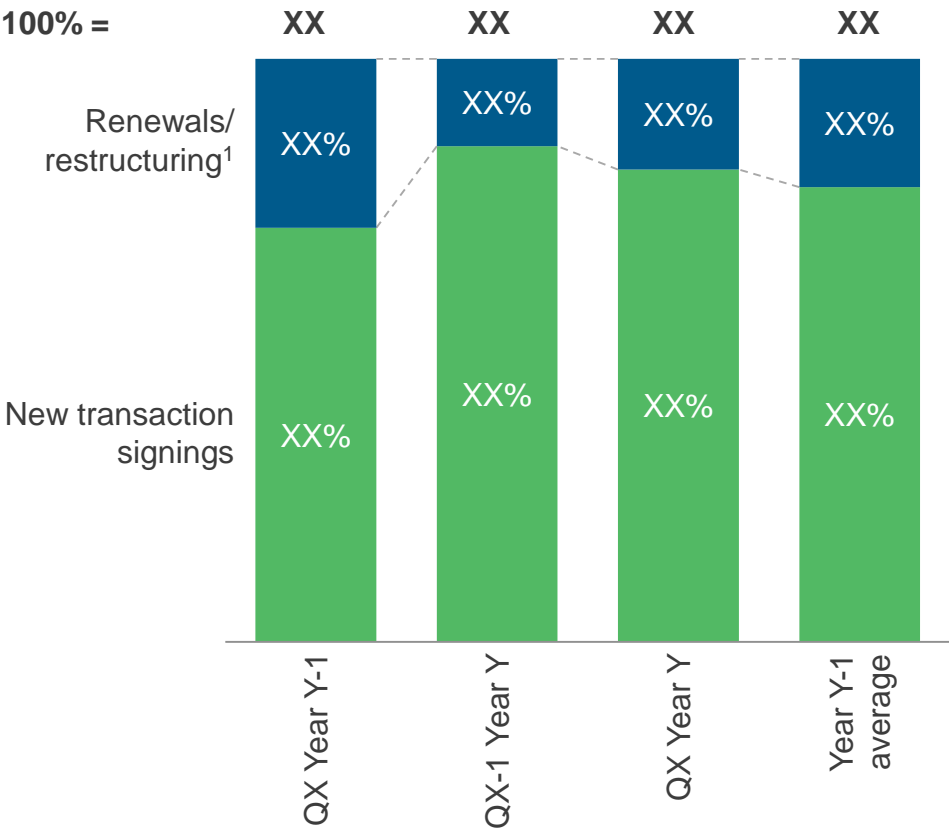
Source: Everest Group Transaction Intelligence Database

Section I: Outsourcing transaction trends

XX% of transactions were new transactions signed in QX Year Y

XX industry transactions by contract type

Number of transaction



ITO AND BPO TRANSACTIONS

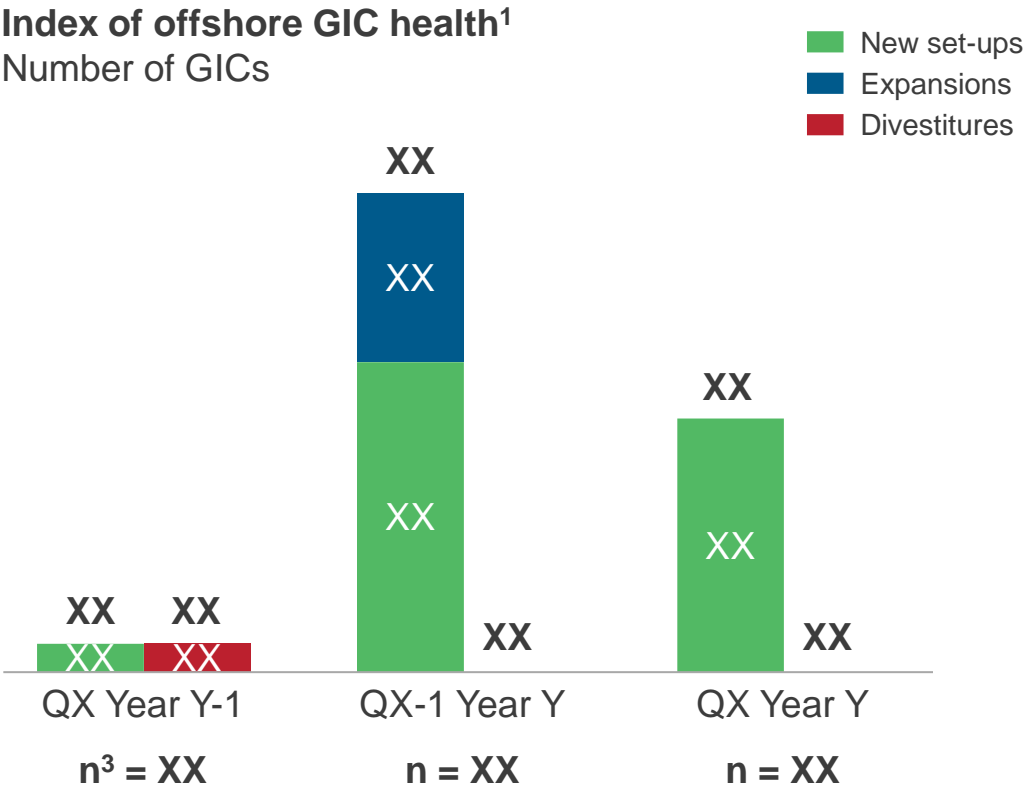
Major XX industry transactions reaching the end of their contract duration over the next few months

Buyer	Service provider	Function scope
Buyer 1	Service provider 1	XX
Buyer 2	Service provider 2	XX
Buyer 3	Service provider 3	XX
Buyer 4	Service provider 4	XX
Buyer 5	Service provider 5	XX

¹ Refers to contracts where the scope of existing contract was extended or expanded
Source: Everest Group Transaction Intelligence Database

Section II: GIC market analysis

Overall number of GIC announcements in QX Year Y witnessed an XXXX compared to the previous quarter

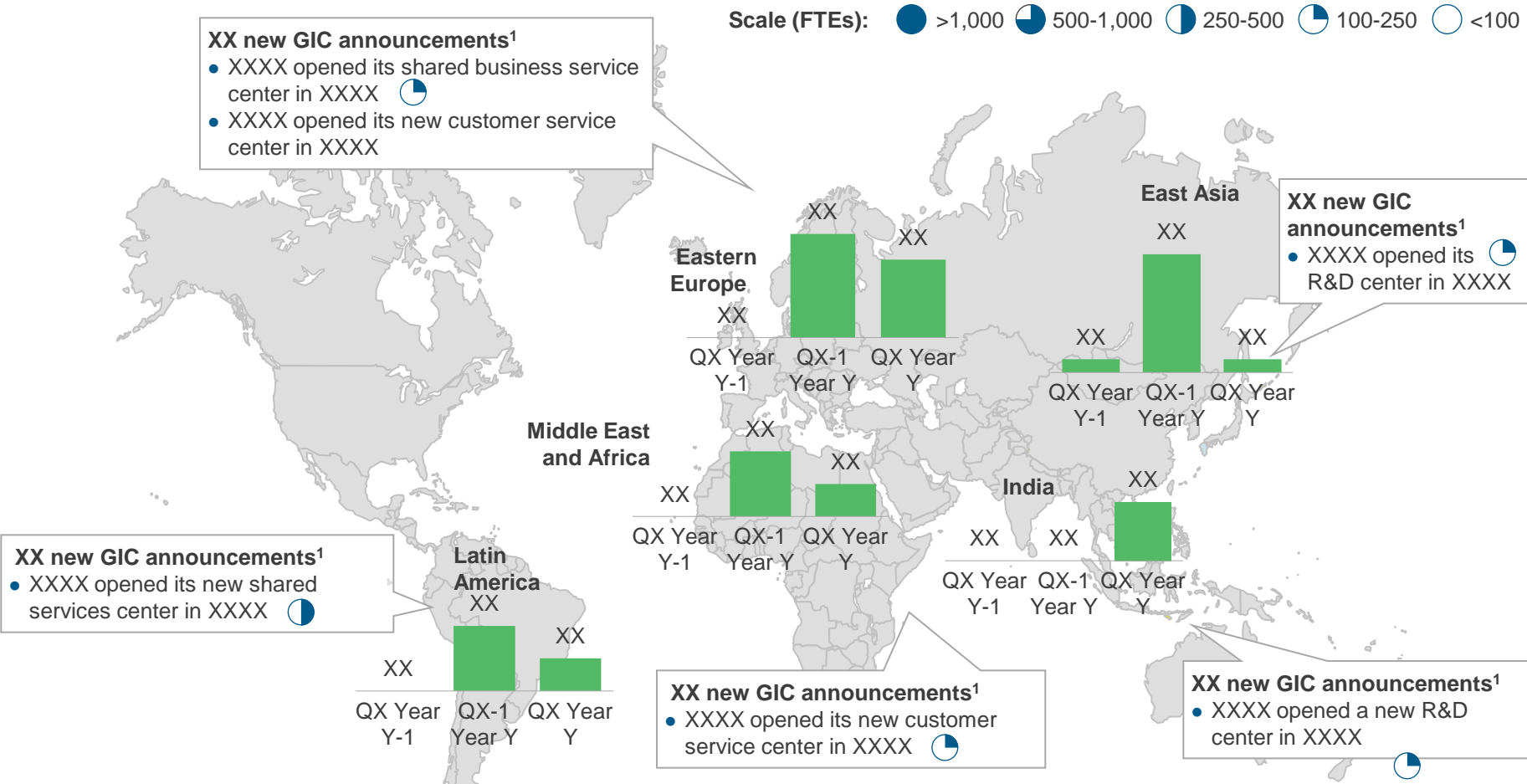


- There were XX new GIC announcements in the quarter
- Some well-known companies that made GIC announcements included XX, YY, and ZZ
- XX GIC divestitures were announced in this quarter

¹ Includes only data that has been publicly disclosed
² n = Number of GIC announcements in the quarter, across all industries
Source: Everest Group (2012)

GIC set-ups¹ | By region

GIC activity was concentrated in XXXX and XXXX



1 Indicates announcements related to actual GICs set-ups and expansion

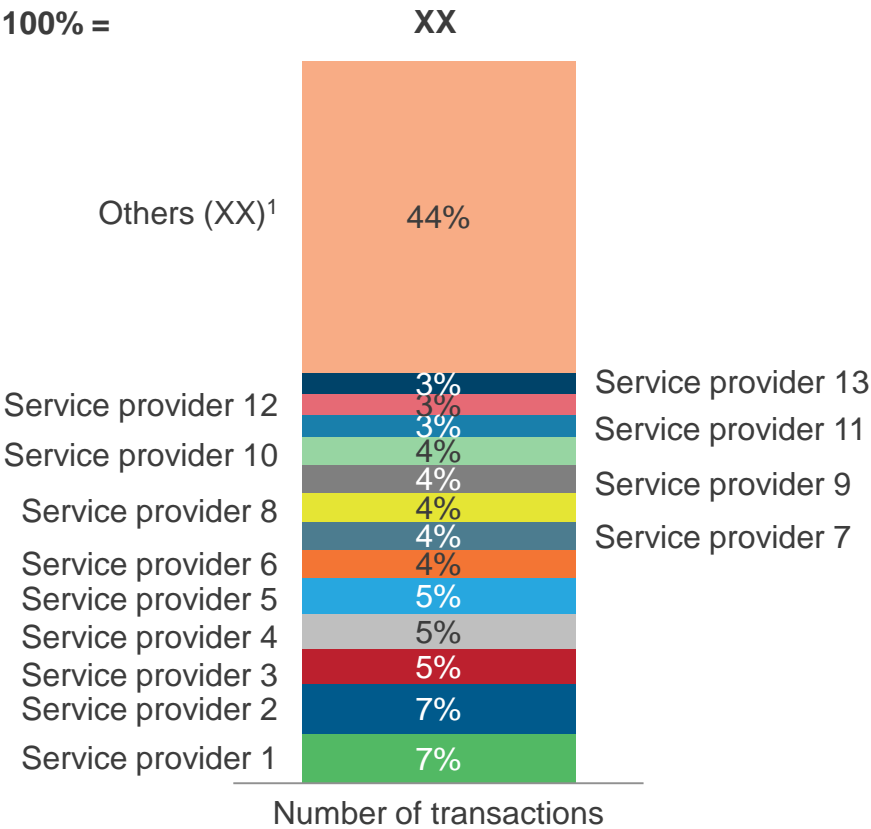
Note: All references to GICs include only offshore GICs

Source: Everest Group analysis

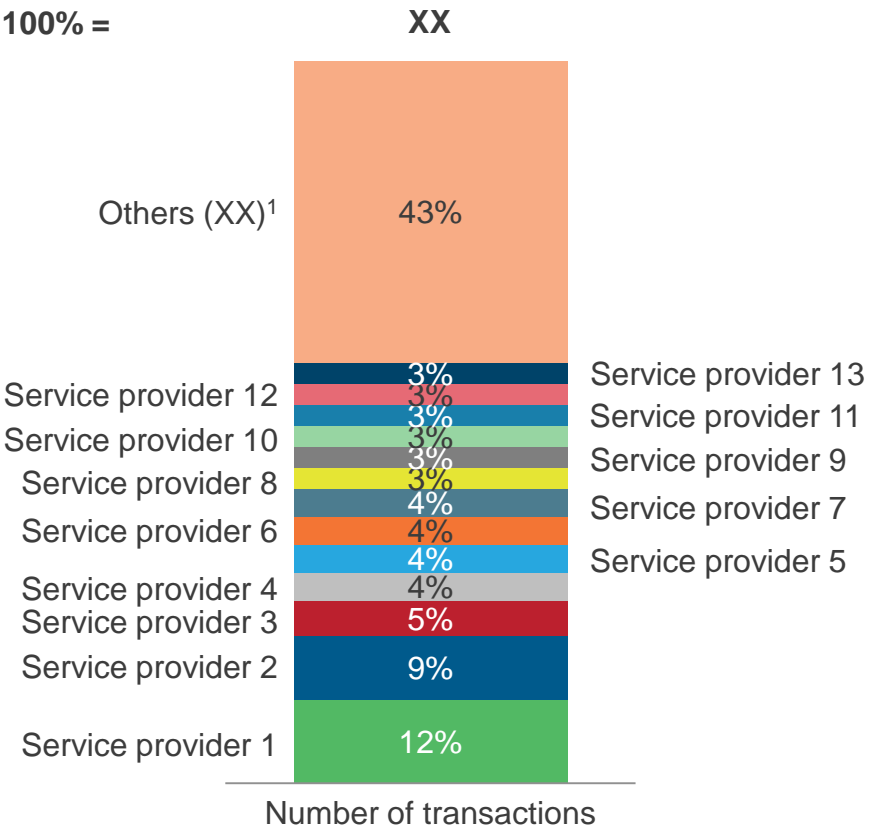
Section III: Service provider activity and deal information

Share of service providers in transaction activity

Share of service providers in transactions
QX Year Y; Number



Share of service providers in transactions
Year Y-1; Number



¹ Figure in parenthesis indicate number of service providers
Source: Everest Group Transaction Intelligence Database

Section III: Service provider activity and deal information

Notable deals signed in the XX industry in QX Year Y

Buyer	Sub-vertical	Service provider	Deal value (US\$ million)	Contract duration (years)	Services
Buyer 1	XXXX	XXXX	XXXX	XXXX	XXXX
Buyer 2	XXXX	XXXX	XXXX	XXXX	XXXX
Buyer 3	XXXX	XXXX	XXXX	XXXX	XXXX
Buyer 4	XXXX	XXXX	XXXX	XXXX	XXXX
Buyer 5	XXXX	XXXX	XXXX	XXXX	XXXX
Buyer 6	XXXX	XXXX	XXXX	XXXX	XXXX
Buyer 7	XXXX	XXXX	XXXX	XXXX	XXXX

Source: Everest Group Transaction Intelligence Database

Section III: Service provider activity and deal information

Key developments in major companies

XXXX

Increased offshore adoption: XXXX announced plans to set up its back-office operations in XX by the end of Year Y. The center will support its XXXX expansion and will hire about XX employees

XXXX

BPO agreement: XXXX

XXXX

ITO agreement: XXXX

XXXX

ITO agreement: XXXX

Source: Everest Group analysis

Appendix: Additional research references

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

1. **Global Locations Compass – The Philippines** ([EGR-2012-2-R-0637](#)); 2012. This research report provides detailed data and in-depth analysis of the Philippines global services sector, and is intended to enable the development of a holistic perspective on the country
2. **Market Vista: Q3 2012** ([EGR-2012-8-R-0776](#)); 2012. This report includes data, analysis and insights on transaction trends, information on major deals, GIC market dynamics, and fact-base for offshoring destinations in Asia. Also included is the Standard Locations Database that tracks 23 leading offshore locations
3. **Banking, Financial Services, and Insurance (BFSI): Trends for Q2 2012** ([EGR-2012-8-R-0733](#)); 2012. This report provides BFSI industry specific data, developments, and insights that enable Global Sourcing Managers to navigate through the complexity and make clear, effective decisions contextualized and suited to their specific industry. These reports provide deep-dive into transaction activity, GIC developments, service provider market share, and key outsourcing transactions specific to the BFSI industry
4. **Transaction Renewal Analysis – January 2013 to December 2013** ([ERI-2011-6-O-0512](#)); 2011. The analysis is aimed at providing a list of outsourcing transactions that are coming up for renewal in the year 2013. The database contains key deal parameters like names of buyer and service provider, buyer industry, functional and geographic scope of the contract, contract value, start and end dates, and contract description

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