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Global Services Trends in Q3 2013

July-September 2013
Market Vista^{TM}: Industry Trends – Preview Deck

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MARKET VISTA^{TM}

Our research offerings for global services

Subscription information

- This report is included in the following subscription(s)
  - **Market Vista™**

- In addition to published research, a subscription may include analyst inquiry, data cuts, and other services

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

BFSI[1] information technology	PricePoint™
BFSI[1] business process	Finance & accounting
Healthcare information technology	Procurement
Information technology	Human resources
Cloud Vista™	Recruitment process
Global sourcing	Contact center
Locations Insider™	Transaction Intelligence

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

1   Banking, financial services, and insurance

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Table of contents

- **Product overview**

- Illustrative contents

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
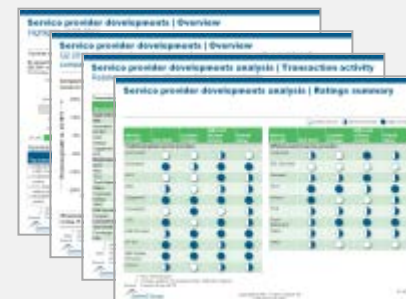
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Location data and dynamics

- 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, divestures, 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 |

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Trends reports complement Market Vista quarterly reports by providing in-depth coverage of global sourcing across industry verticals and regions

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Market Vista Buyer Geography Trends reports

Regions tracked
- United States and Canada
- Europe
- Rest of the World (RoW), including Asia Pacific (APAC), Latin America (LATAM), and Middle East & Africa (MEA)
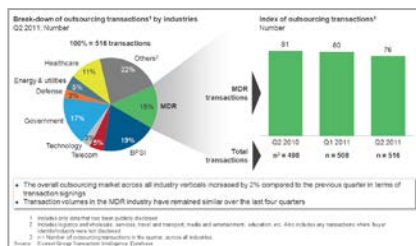
Market Vista Industry Trends reports

Industries tracked
- Banking, Financial Services, & Insurance (BFSI)
- Manufacturing, Distribution, and Retail (MDR)
- Energy & Utilities (E&U)
- Healthcare
- Technology
- Telecom
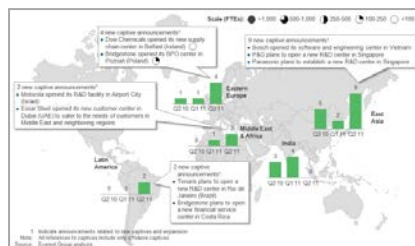- Public Sector
- Travel & Hospitality

30+ pages of analysis on each industry vertical/region every quarter

Outsourcing transaction activity

- Trends in transaction volumes, contract values, and momentum
- Events with industry impact

GIC set-up and expansion activity

- GIC set-ups, expansions, and divestures
- Analysis of buyers, locations, and scope of work offshored

Processes and models
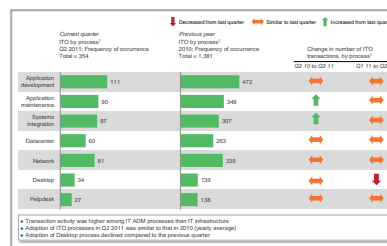
- Process-level and subprocess-level transaction trends
- Emerging opportunity areas

Service provider trends and developments

- Service provider performance (transactions, market shares)
- Significant deals signed by leading enterprises

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

ILLUSTRATIVE

Key subverticals covered

1 **Banking, Financial Services, and Insurance (BFSI)**
- Banking
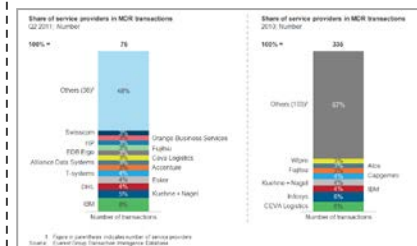- Insurance
- Other financial services

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

Key subverticals covered

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

| 20+ pages in each industry trends report | Quarterly industry trends reports for each industry | 32 industry trends reports across eight industries in a year |

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Table of 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 subprocesses

- 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

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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

Number of outsourcing transactions[1] in Industry A and share in overall market
Number/percentage

Legend:
- Number of transactions
- Share in overall market
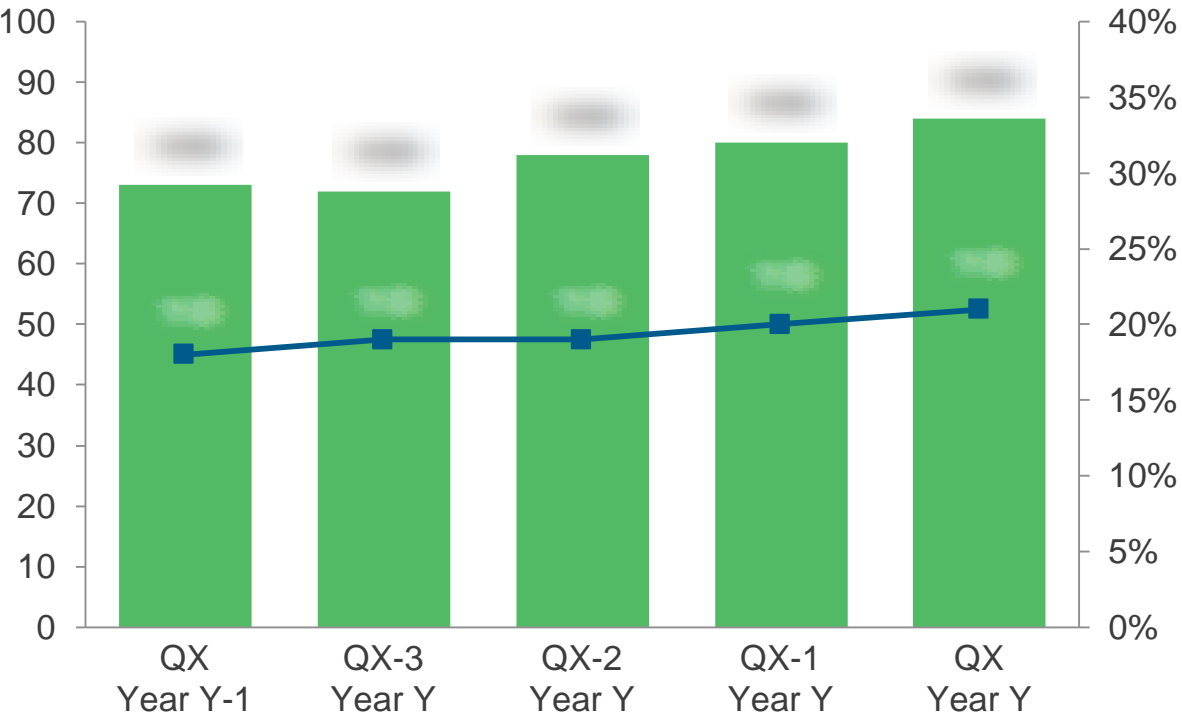
- The overall outsourcing market saw similar activity in QX Year Y as in the previous quarters

- A total of XX transactions were reported in the industry vertical A in QX Year Y, accounting for XX% share of the total outsourcing market, similar to QX-1 Year Y

1   Includes only data that has been publicly disclosed
Source: Everest Group Transaction Intelligence Database

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Section I: Outsourcing transaction trends
Transaction volumes XXXX across both ITO and BPO functions

Break-down of Industry vertical A transactions by function
Number of transactions
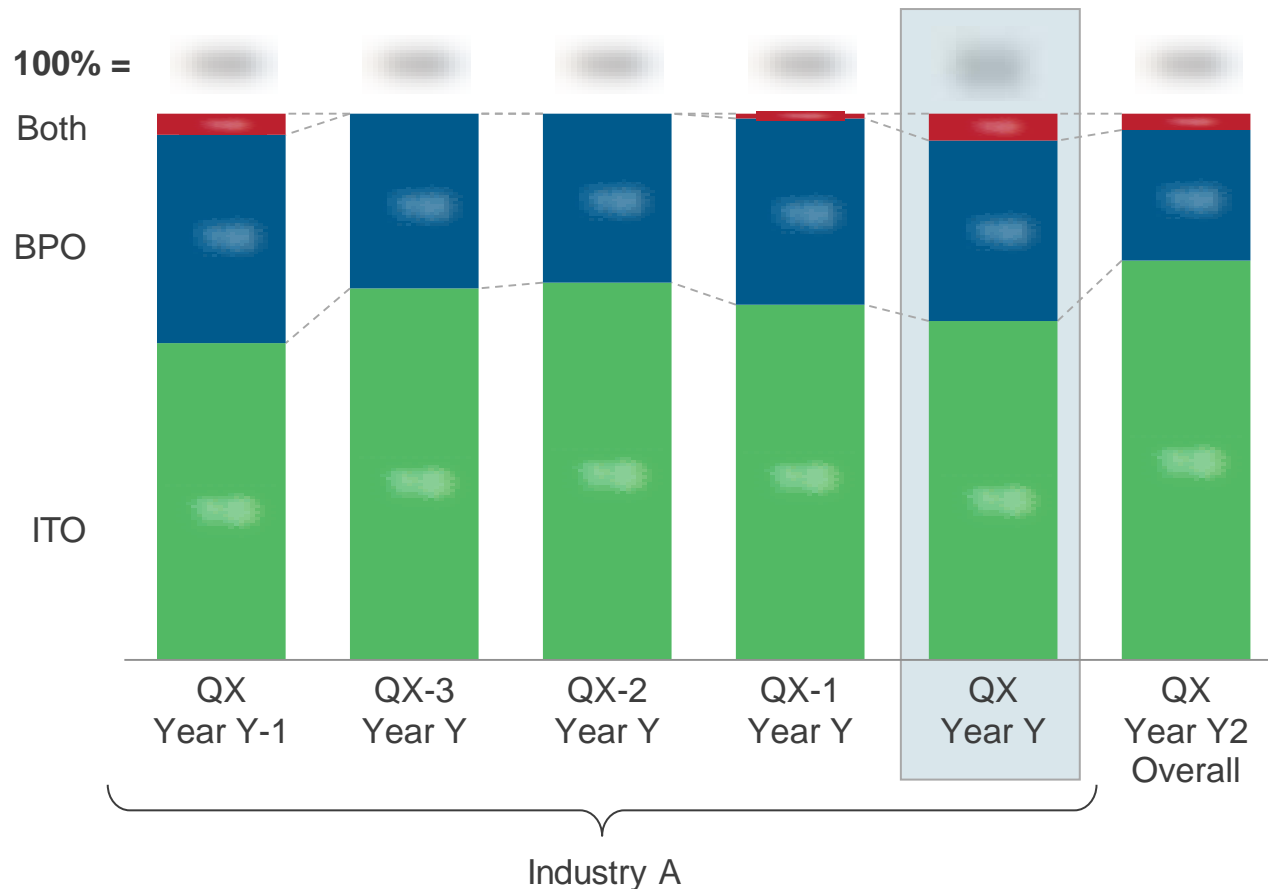
- A total of XX ITO transactions were reported in QX Year Y in the Industry vertical A, same as in QX-1 Year Y

- A total of XX BPO transactions were signed in QX Year Y, as compared to XX in QX-1 Year Y

- Increase was seen in transactions having both BPO and ITO components in QX Year Y

Source: Everest Group Transaction Intelligence Database

Section I: Outsourcing transaction trends
Higher outsourcing adoption in XXXX, XXXX, and XXXX

Decreased　Similar　Increased

Industry A ITO by process[1]
QX-1 Year Y; Frequency of occurrence
Total no. of deals[2] = XX

Industry A ITO by process[1]
QX Year Y; Frequency of occurrence
Total no. of deals = XX

Change in number of ITO transactions, by process[1]

	QX Year Y-1 to QX Year Y	*QX-1 Year Y to QX Year Y*
XXXX	Increased	Decreased
XXXX	Similar	Similar
XXXX	Similar	Similar
XXXX	Similar	Similar
XXXX	Similar	Similar
XXXX	Similar	Similar
XXXX	Similar	Similar

1   Includes ITO transactions having a BPO component
2   Frequency of occurrences of individual processes may not add up to the total as the scope of an outsourcing transaction often involves multiple processes

Source: Everest Group Transaction Intelligence Database

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Section I: Outsourcing transaction trends
Share of new transactions signed in QX Year Y was XX%

Share of renewals / restructured[1] deals
Percentage

Major Industry A transactions nearing the end of their contract duration over the next few months

Legend:
- Industry A
- Overall market

Chart values (labeled XX%):
- Q2 2012, Q3 2012, Q4 2012, Q1 2013, Q2 2013
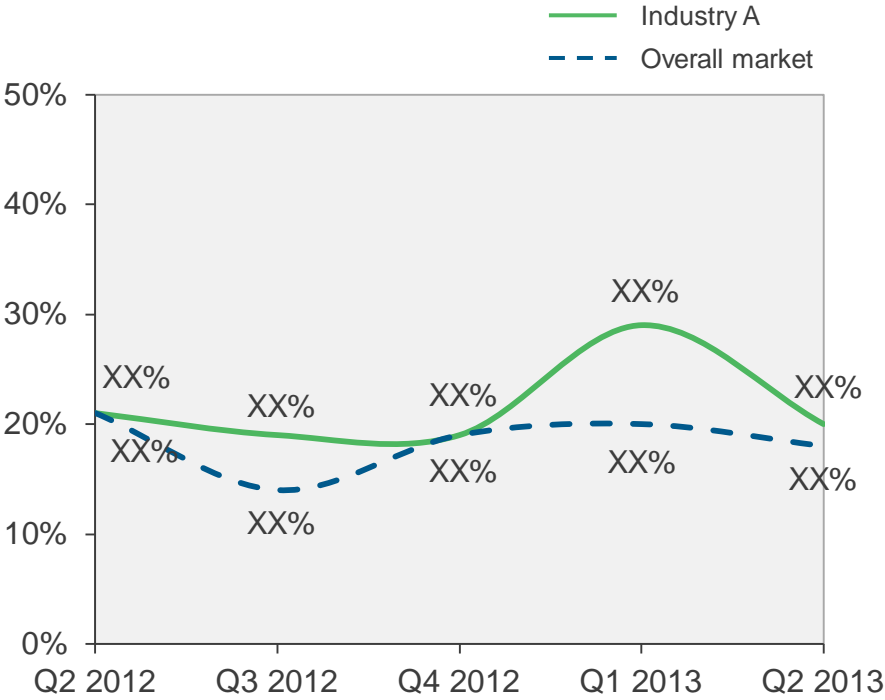
Buyer	Service provider	Function scope
Buyer 1	Service provider 1	XX
Buyer 2	Service provider 2	XX
Buyer 3	Service provider 3	XX
Buyer 4	Service provider 4	XX
Buyer 5	Service provider 5	XX

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

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Section II: GIC market analysis
Overall number of GIC announcements in QX Year Y witnessed an XXXX compared to the previous quarter

Index of offshore GIC health[1]
Number of GICs

Legend:
- ■ New set-ups
- ■ Expansions
- ■ Divestitures

Chart x-axis labels:
QX Year Y-1   QX-3 Year Y   Q4 QX-2 Year Y   QX-1 Year Y   QX Year Y

$n^2 =$ $n =$ $n =$ $n =$ $n =$
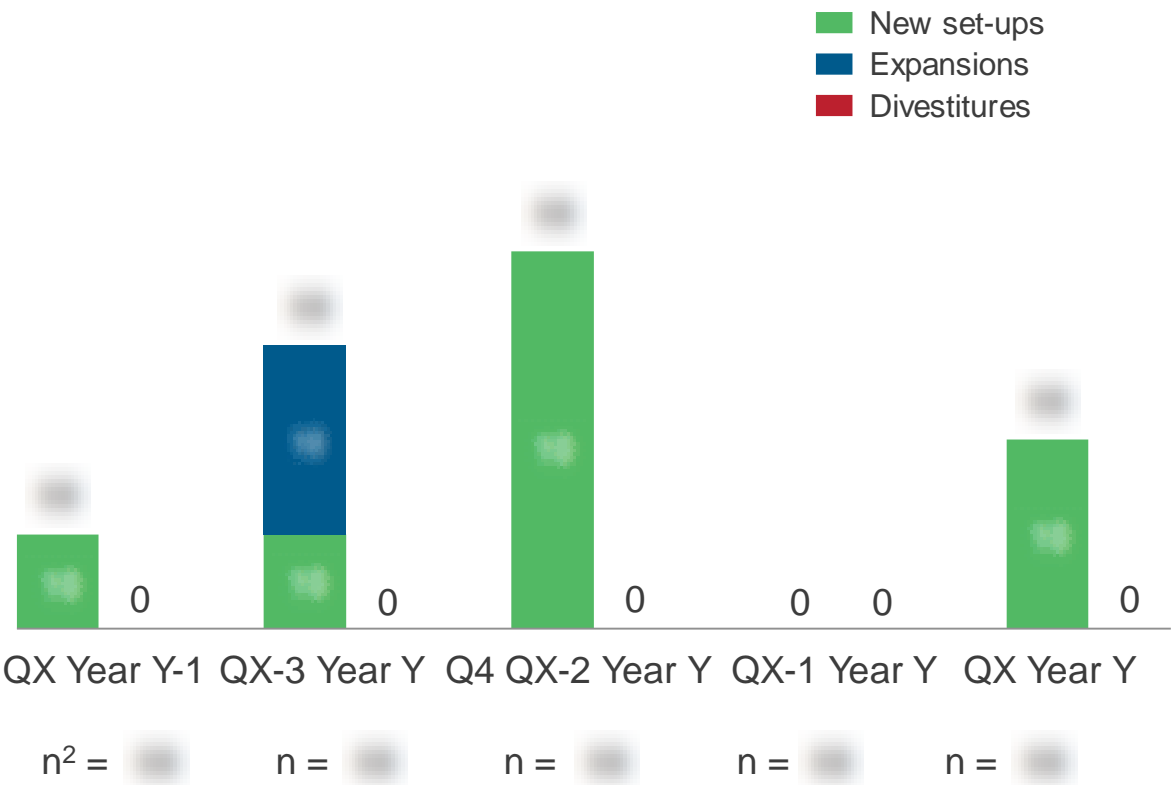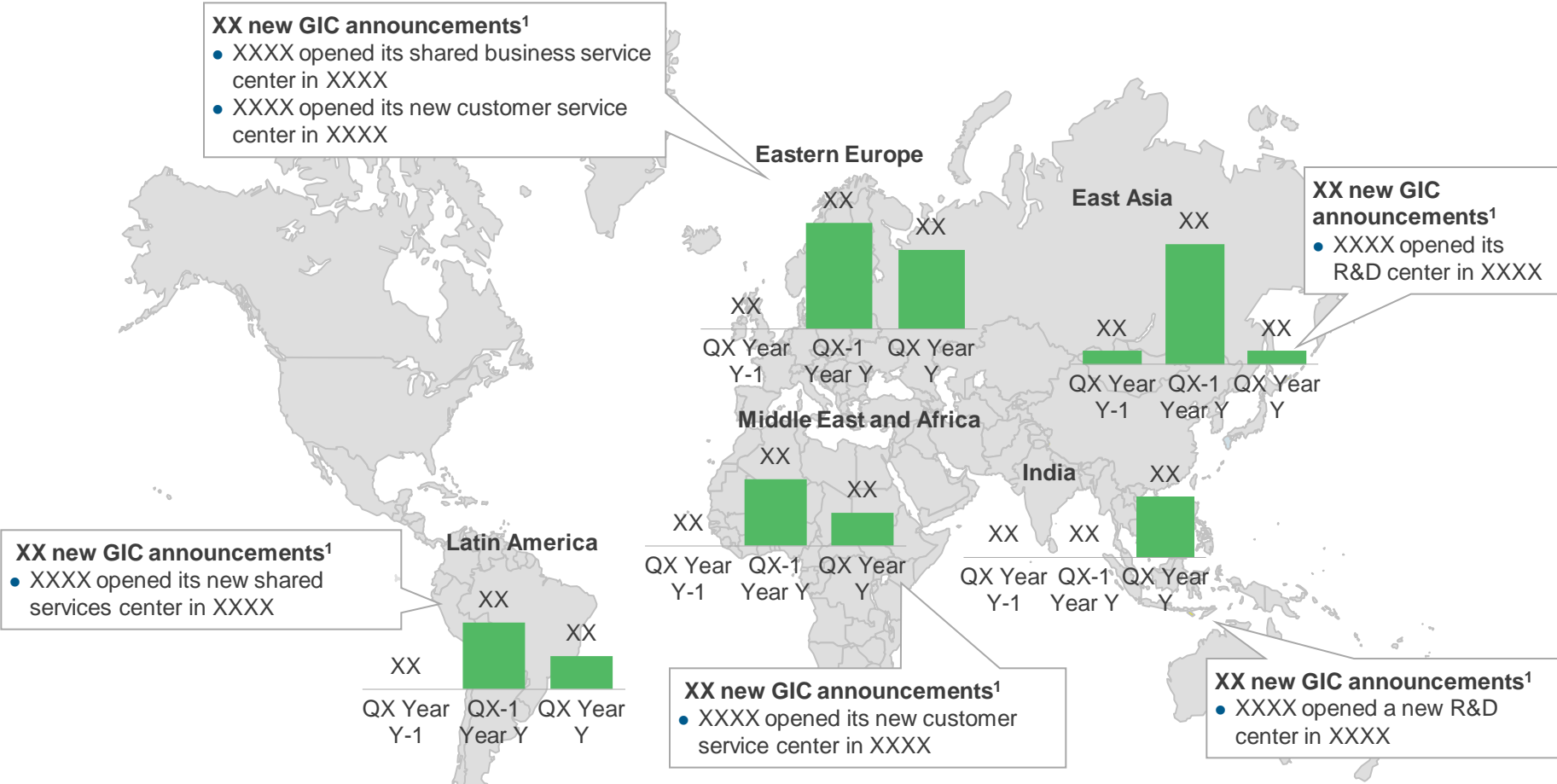
- There were XX new GIC announcements in the quarter
- Some well-known companies that made GIC announcements included XX, YY, and ZZ
- XX GIC divestures were announced in this quarter

1   Includes only data that has been publicly disclosed
2   n = Number of GIC announcements in the quarter, across all industries
Source: Everest Group (2013)

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GIC set-ups[1] | By region
GIC activity was concentrated in XXXX and XXXX

XX new GIC announcements[1]
- XXXX opened its shared business service center in XXXX
- XXXX opened its new customer service center in XXXX

Eastern Europe

XX

XX

XX

QX Year Y-1 | QX-1 Year Y | QX Year Y

East Asia

XX

XX

XX

QX Year Y-1 | QX-1 Year Y | QX Year Y

XX new GIC announcements[1]
- XXXX opened its R&D center in XXXX

Middle East and Africa

XX

XX

XX

QX Year Y-1 | QX-1 Year Y | QX Year Y

India

XX

XX

XX

QX Year Y-1 | QX-1 Year Y | QX Year Y

XX new GIC announcements[1]
- XXXX opened its new shared services center in XXXX

Latin America

XX

XX

XX

QX Year Y-1 | QX-1 Year Y | QX Year Y

XX new GIC announcements[1]
- XXXX opened its new customer service center in XXXX

XX new GIC announcements[1]
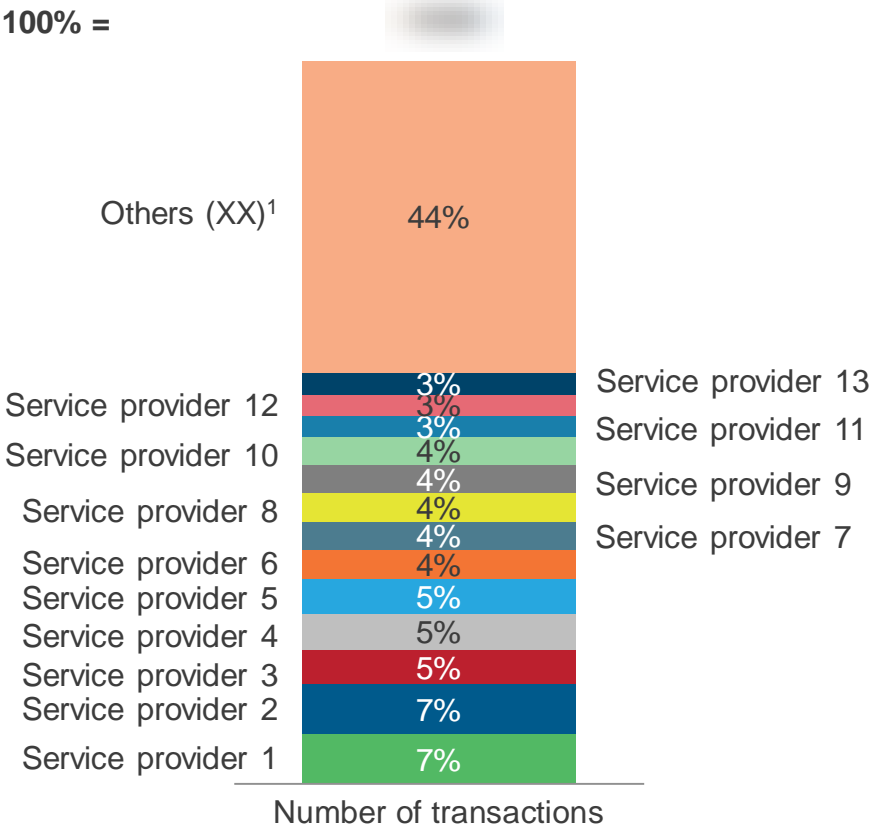- XXXX opened a new R&D center in XXXX

1   Indicates announcements related to actual GICs set-ups and expansion
Note: All references to GICs include only offshore GICs
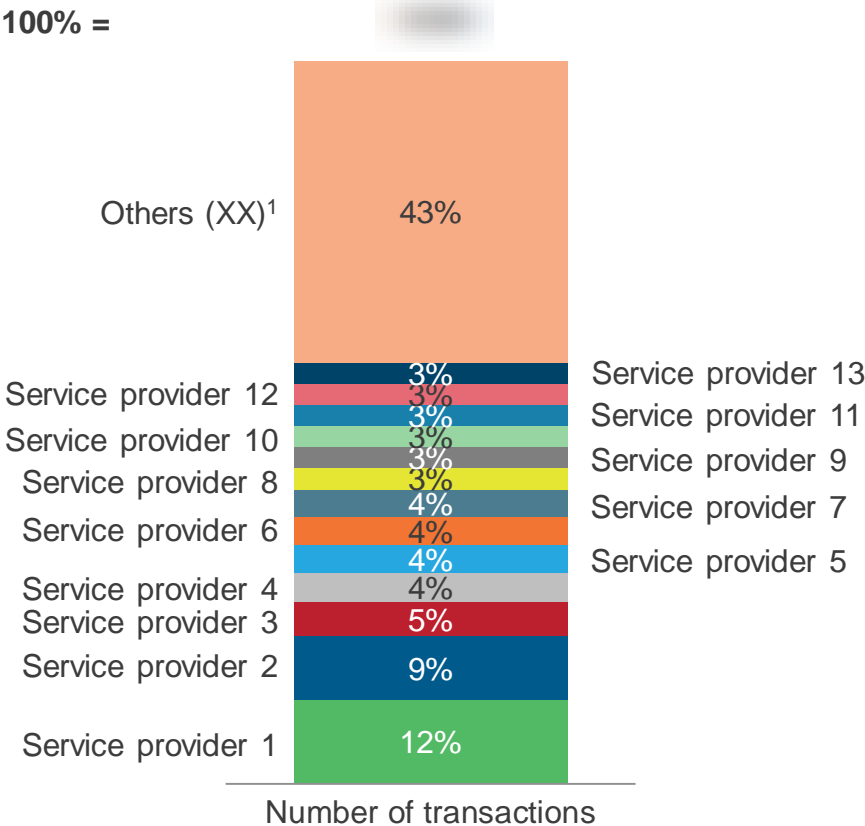Source: Everest Group analysis

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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

100% =

Others (XX)[1] — 44%

Service provider	%
Service provider 13	3%
Service provider 12	3%
Service provider 11	3%
Service provider 10	4%
Service provider 9	4%
Service provider 8	4%
Service provider 7	4%
Service provider 6	4%
Service provider 5	5%
Service provider 4	5%
Service provider 3	5%
Service provider 2	7%
Service provider 1	7%

Number of transactions

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

100% =

Others (XX)[1] — 43%

Service provider	%
Service provider 13	3%
Service provider 12	3%
Service provider 11	3%
Service provider 10	3%
Service provider 9	3%
Service provider 8	4%
Service provider 7	4%
Service provider 6	4%
Service provider 5	4%
Service provider 4	4%
Service provider 3	5%
Service provider 2	9%
Service provider 1	12%

Number of transactions

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

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Section III: Service provider activity and deal information
Notable deals signed in the XX industry in QX Year Y

Buyer	Subvertical	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

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Market Vista encompasses a suite of offerings

Multiple delivery formats allow Global Sourcing Managers to access information in a way that supports the decision-making process

Market Vista offering	Description	Standard subscription access (annual)	Premium subscription access (annual)
Quarterly Report	Quarterly report with in-depth coverage of transaction, location, and service provider trends	✔	✔
Primer	Quarterly brief of expert perspectives on emerging market trends (e.g., new pricing models)	✔	✔
Location database	Annually updated database of location stats (e.g., cost, attrition, inflation rates) for 23 major cities	✔	✔
Breaking viewpoint	Flash reports highlighting breaking industry news and expert perspectives on key implications	✔	✔
Locations insights e-newsletter	Bi-monthly Global Location Insights e-newsletter containing detailed country and region info	✔	✔
Exclusive webinars	Exclusive quarterly webinars with stakeholders in the subscriber organization on key market trends and developments highlighted in Market Vista research		✔
Analyst consultation	10 hours of analyst access per year for personalized insights and additional perspectives		✔

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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. **Market Vista: Q3 2013** (EGR-2013-8-R-0984); 2013. 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

2. **Industry Trends reports: Trends for Q3 2013.** These reports provide 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 provides a deep-dive into the transaction activity, GIC developments, service provider market share, and key outsourcing transactions specific to the industry. Industries covered include: Banking, Financial Services, and Insurance (BFSI); Manufacturing, Distribution, and Retail (MDR); Energy and Utilities (E&U); Healthcare; Technology; Telecom; Public Sector; and Travel and Hospitality

3. **Buyer Geography Trends reports: Trends for Q3 2013.** These reports provide data, developments, and insights on outsourcing and offshoring trends for a particular buyer geography/region. These reports provide the research and analysis that enable users to navigate through complexity and make clear, effective decisions suited to their focus region. These reports provide detailed information on transaction activities, Global In-house Center (GIC) developments, service providers' market shares, and key outsourcing transactions specific to particular regions. Regions covered include: U.S. and Canada; Europe; and Rest of the World

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From **insight** to *action*.

At a glance

- With a fact-based approach driving outcomes, Everest Group counsels organizations with complex challenges related to the use and delivery of the next generation of global services

- Through its practical consulting, original research, and industry resource services, Everest Group helps clients maximize value from delivery strategies, talent and sourcing models, technologies, and management approaches

- Established in 1991, Everest Group serves users of global services, providers of services, country organizations, and private equity firms in six continents across all industry categories

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