Everest Group
RESEARCH

GICs Leading the Way for Digital Transformation of the Enterprise

Global Sourcing (GS)
Market Report: January 2016 – Preview Deck

EGR-2016-2-PD-1682

Our research offerings for global services

- **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 & Life Sciences**
- **Procurement**
- **Application & Digital**
- **Human Resources**
- **Cloud & Infrastructure**
- **Recruitment & Talent Acquisition**
- **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

Subscription information

- The full report is included in the following subscription(s)
  - Global Sourcing
- In addition to published research, a subscription may include analyst inquiry, data cuts, and other services
- **If you want to learn whether your organization has a subscription agreement or request information on pricing and subscription options, please contact us**

Corporate Headquarters
Office: +1-214-451-3000
info@everestgrp.com

European Headquarters
Office: +44-207-129-1318
unitedkingdom@everestgrp.com

1 Banking, financial services, and insurance

EGR-2016-2-PD-1682

Background and scope of the research

Background of the research

- Global business environment is undergoing a significant change towards "digital" driven by a combination of multiple factors – changing consumer demands, emergence of disruptive technology, reducing go-to-market time, and pressure on margins
- To thrive in this dynamic business landscape, GICs are uniquely positioned to support the parent enterprise in their strategic digital journey and deliver new forms of value addition, given established foundation with significant pool of talent, tight integration with the core business, and their intentional focus on building internal innovation capabilities

The scope and methodology of this report

- The report analyzes the overall landscape and current state of digital adoption in GICs in terms of market size and key trends by type of entity, digital segments, industry verticals, and delivery geography. This section also covers evolution of digital segments and major challenges to deployment of digital adoption in GICs
- The report also assesses digital maturity of GICs across five key dimensions – scale & adoption, breadth & depth of services, intentional focus on digital talent, influence in demand creation & level of ownership, and role in vendor/ecosystem partnership
- Further, the report covers case studies about best practices adopted by GICs across three strategic areas to drive digital adoption – talent management initiatives, partnership with start-ups, and collaboration with vendors
- The research covers a deep-dive assessment of the functional maturity across the top three industry verticals with the highest digital adoption – BFSI, product and technology, and MDR
- Finally, the report highlights the key implications and call-to-action for GICs, with regard to adoption of digital services
- The scope of the analysis includes 6 digital segments – Social & interactive, mobility, analytics, cloud, Robotics Process Automation (RPA) and miscellaneous (e.g., Internet of Things and cybersecurity)

This report is based on interactions with 30+ GICs based out of key global sourcing locations (India, Poland, and Philippines), practitioner's perspectives from the Everest Group's Digital GIC Thought Leadership Series 2015, along with our proprietary GIC database that is updated quarterly with new setups, expansions/contractions of existing GICs, and capability additions

Table of contents (page 1 of 2)

Everest Group
RESEARCH

Table of contents (page 2 of 2)

Topic	Page no.

Decrypting "digital" | Services

Digital segments	Services	
Social & Interactive	• Social media monitoring • Social strategy and consulting • Social application development (front-end) • Social content and web development	• Social analytics • Others (e.g., social commerce & content, social media marketing, and digital marketing platforms)
Mobility	• Mobility testing • Mobility strategy, consulting, and platform development • Mobile device management: MDM software management, network management, and security management	• Mobile applications development and maintenance • Others (e.g., API management, mobility UX design, connected device engineering / embedded software)
Analytics[1]	• Core analytics (industry-standard analytics tools such as SAS and SPSS) • Data architecture and management: Data architecture, master data management, and data migration	• Data visualization and visualization implementation • Big data analytics and consulting • Analytics platform implementation
Cloud	• Application development, migration, and deployment: Developing "green-field" apps with cloud features, migration of apps to cloud platform/implementation, customization, and integration of cloud apps • Cloud consulting/advisory services	• Infrastructure build: Designing and building cloud infrastructure/customization and implementation • Infrastructure management and orchestration: Management of cloud assets, lights-on/helpdesk, orchestration, and other related activities
Robotics Process Automation (RPA)	• Solutions that replace human action at various points of a business process • Others (e.g., business process management solutions and workflow solutions)	• Intelligent RPA solutions (artificial intelligence): Solutions with in-built learning capabilities that can be leveraged to handle judgment-oriented tasks with capacity to generate and store data as part of their machine learning process
Miscellaneous	• Internet of Things (IoT): Smart devices and sensors, M2M communication, and network management	• Cybersecurity

1 Traditional business intelligence and data warehousing excluded from definition of digital used in the research

Overview and abbreviated summary of key messages

This report assesses the current market size and state of digital adoption among GICs for six key digital segments – social & interactive, mobility, analytics, cloud, RPA, and miscellaneous. It analyses digital maturity of GICs across five key dimensions and covers a deep-dive assessment of the functional maturity across the top three industry verticals with the highest digital adoption – BFSI, product and technology, and MDR. The report also includes case studies about best practices adopted by GICs to drive digital adoption. Further, it also includes key implications and call-to-action for GIC and parent stakeholders

Some of the findings of the report

Current state of adoption in GICs

- With a humble share of 5-10% of the overall global services market, the digital services segment comprises 300,000-350,000 FTEs across GICs and service providers. GICs account for ~25% of the overall digital FTE pie
- Analytics is the most evolved digital segment across GICs; most other segments are in initial-mid stages of evolution
- India is the leading destination for delivering digital services with nearly three-quarters of the market share

GIC digital maturity assessment

- A majority of the GICs are in the initial-mid stages of digital maturity, focusing largely on building robust delivery capabilities. Only some GICs have evolved to being "true innovators“ and drive competitive advantage for the parent
- GICs have achieved considerable maturity in scale, digital service offerings, and focus on talent models
- There are notable opportunities for GICs to further evolve in demand creation, ownership, and ecosystem partnership for digital services

Best practices

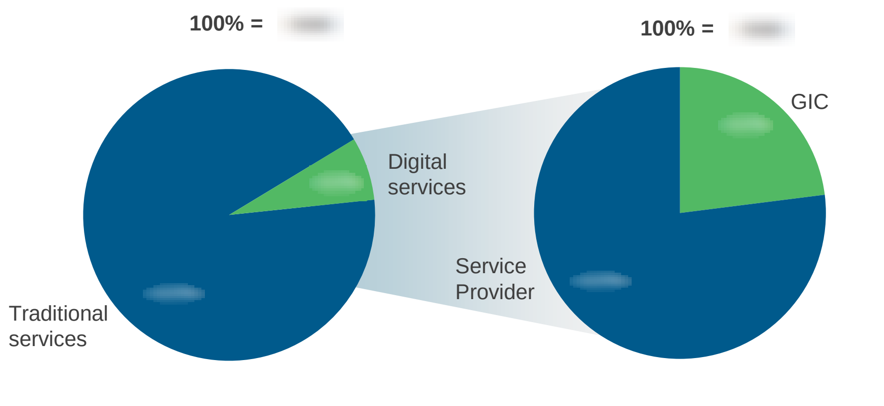
- GICs are adopting best practices across three strategic areas to drive digital adoption –
  - Talent management initiatives – Collaboration with parent and educational institutions, specialized internal/external trainings, financial incentives, and workplace environment changes
  - Partnership with start-ups – Corporate incubators / accelerator programs, intrapreneurship programs
  - Collaboration with vendors – Collaborating with third-party providers for talent management, partnering with technological vendors for ramping up operations

Adoption in key verticals

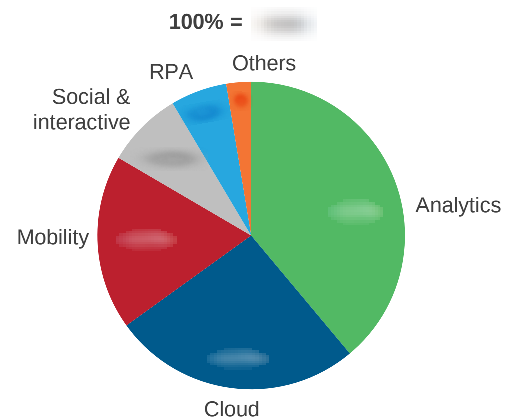
- BFSI is the leading adopter of digital services, followed by product & technology and MDR. There is significant variation in maturity for digital themes across industry verticals
- While the banking subvertical is the leading digital adopter in the BFSI vertical, retail segment witnesses highest digital adoption in the MDR vertical

This study offers six distinct chapters providing a deep dive into the current state of digital adoption in GICs; below are four charts to illustrate the depth of the report

Share of digital in global services; digital services market size
2015; Number of FTEs in '000s

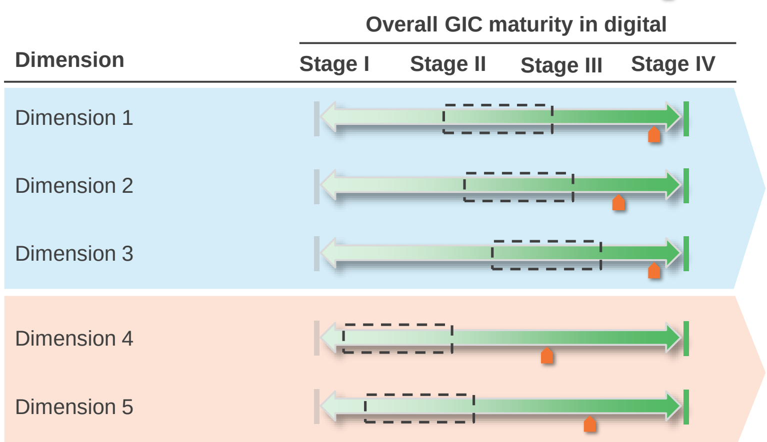


GIC digital market size – by segments
2015; number of FTEs in '000s



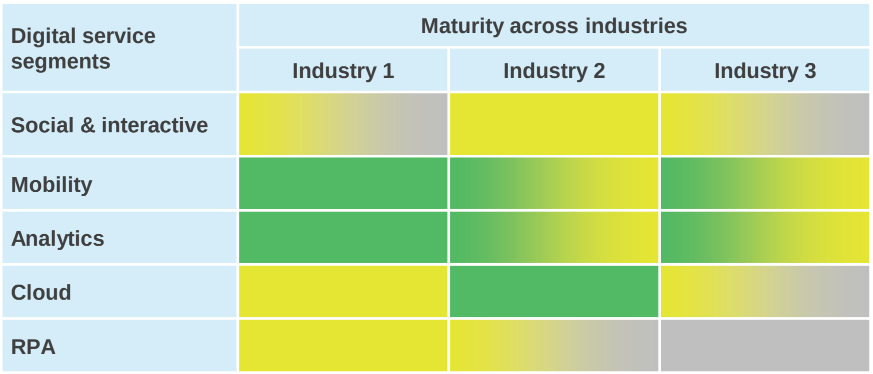
GIC digital maturity assessment

Median maturity
Best-in-Class GICs



Functional maturity for industry verticals

High maturity
Medium maturity
Low maturity



Source: Everest Group (2016)

Global sourcing research calendar

Published / Current

Topic	Release date
GICs leading the way for digital transformation of the enterprise	January 2016
Landscape Report: F&A services delivery from GICs	Q1 2016
Landscape Report: GICs leading the way for enterprise digital transformation	Q1 2016
Thematic Report: GIC talent landscape in India for IT services	Q1 2016
Global In-house Center (GIC) Landscape Annual Report 2016	Q1 2016
Viewpoint: Impact of risk management regulations on BFSI companies	Q1 2016
GIC landscape report: Delivery landscape for retail and commercial banking in	Q2 2016
Thematic report: Achieving operational excellence in the GIC model	Q2 2016
Viewpoint: Role of GICs in driving RPA adoption for the enterprise	Q2 2016
Function focused report - Procurement services in GIC	Q3 2016
Location focused report - Ireland and Scotland as delivery geography for GICs	Q3 2016
Viewpoint: Shared services capabilities within GICs	Q4 2016
Thematic report - A practitioner's view on GICs supporting parent's digital agenda	Q4 2016
Global In-house Center (GIC) Landscape Annual Report 2017	Q1 2017

Additional research references

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. **Seizing the Robotic Process Automation (RPA) Market Opportunity** (EGR-2015-10-R-1609); 2015. This report examines the state of the RPA market today and its potential in the coming years. It offers a series of case studies across horizontal and vertical business processes and highlights lessons learned from early RPA adopters. This report also explores the "coopetition strategy" adopted by BPS service providers, RPA technology vendors, and specialist technology integrators and the various options it results in for a BPS buyer. Finally, it takes a look at the future implications of RPA on the BPS industry.

2. **Will Robots Eat Locations Strategy for Breakfast? (**EGR-2015-8-R-1605); 2015. This report presents a forward-looking view of the impact of automation on delivery location strategies of companies. We have considered a popular automation technology called Robotic Process Automation (RPA), which is very effective in automating rule-based transactional processes, to analyze the impact of automation on delivery portfolios.

3. **Analytics in Global In-house Centers (GICs): Running Deep and Wide** (EGR-2015-2-R-1437); 2015. This research focuses on the current market size of analytics services delivered by GICs (overall and industry-specific), key growth drivers, and location landscape.

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

H Karthik, Partner – Global Sourcing — h.karthik@everestgrp.com
Aditya Verma, Practice Director – Global Sourcing — Aditya.verma@everestgrp.com
Parul Jain, Senior Analyst – Global Sourcing — parul.jain@everestgrp.com

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

Everest Group

From **insight** to ***action***.

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 empowers 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 and research.everestgrp.com.

Dallas (Headquarters)
info@everestgrp.com
+1-214-451-3000

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

Toronto
canada@everestgrp.com
+1-647-557-3475

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

Delhi
india@everestgrp.com
+91-124-284-1000

Stay connected

Websites
www.everestgrp.com
research.everestgrp.com

Twitter
@EverestGroup

Blog
SHERPAS IN BLUE SHIRTS
www.sherpasinblueshirts.com