



# **Topic: Global Offshore Captive Landscape and Trends**

## **Focus Geography – China**

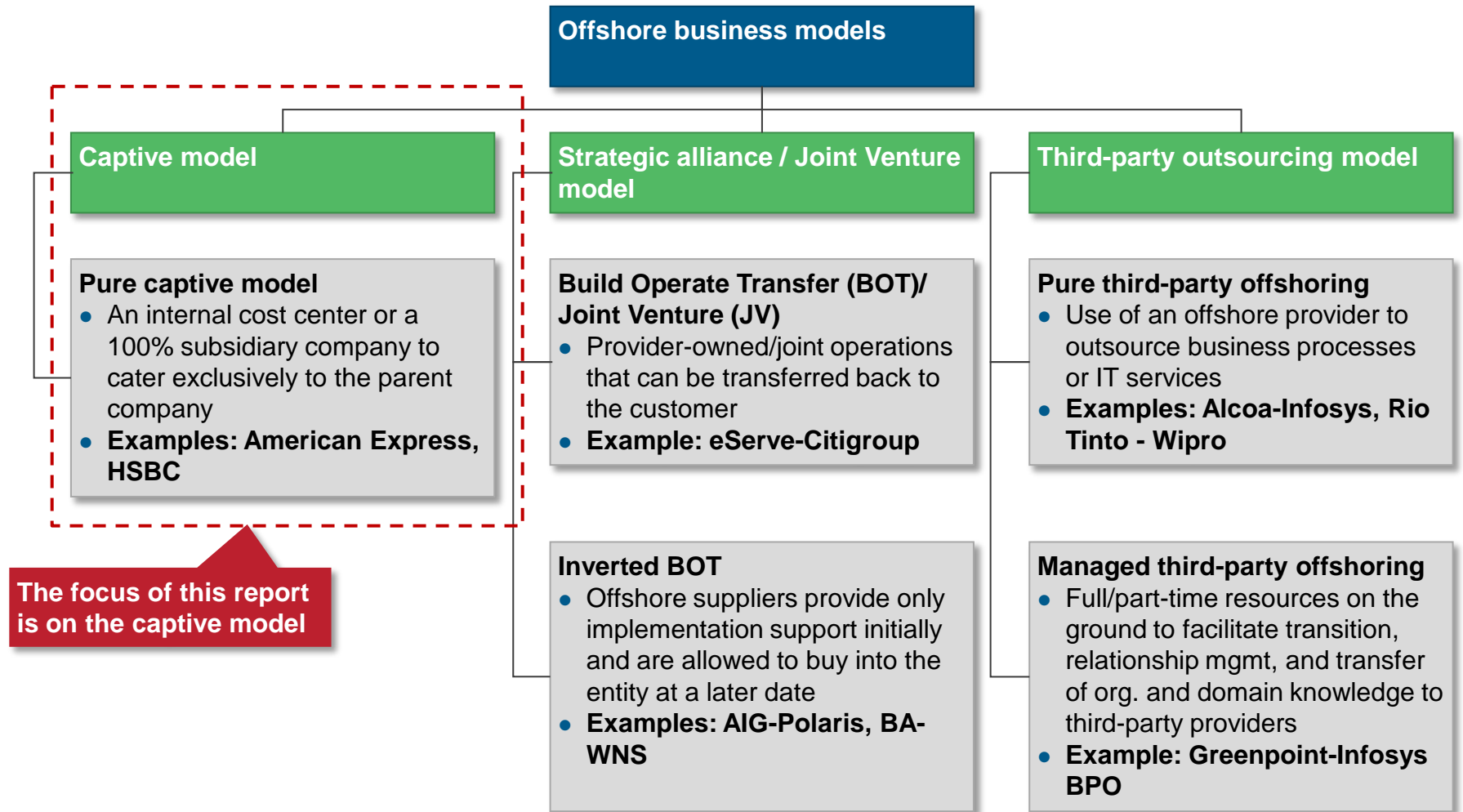
Global Sourcing  
Report: October 2011 – Preview Deck

# Background and scope of research

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- The global sourcing market has evolved and grown rapidly to reach a size of US\$ 105-110 billion. Captives have been a core component of this evolution with companies such as Texas Instruments and GE setting up offshore captive units in the late 1980s and early 1990s
- The last 15-20 years have witnessed increasing adoption of the captive model with a large number of companies setting up/expanding their captive centers. While India continues to remain a leading geography, companies have also explored and successfully established captive operations in China, the Philippines, Central and Eastern Europe, and Latin America
- However, due to the significant growth of third-party service providers the impact of the economic crisis has led to the perception that the captive model is under threat. Stated reasons include captives not delivering value and being significantly more expensive than third-party service providers
- At the same time, mature users of captives articulate their commitment to the model and reinforce its importance in their sourcing strategy and portfolio. In addition, our discussions with global sourcing offices of large companies and captive leadership reveal imperatives under way to expand the role of captives and their value proposition
- This research report provides an in-depth analysis of the offshore captive landscape in leading locations. The report is based on Everest Group's proprietary captive database and is updated after six months. Besides details on global captive landscape trends and analysis, the report also contains a focus section that provides deep-dive of captive landscape in a select geography

# Buyer organizations have a range of options for capturing value from offshoring, with captives and third-party outsourcing as the primary models



Source: Everest Group analysis

# This research report leverages Everest's proprietary captive database that tracks offshore captives of leading companies

## Everest's proprietary captive database

### Unique characteristics

- Industry's most comprehensive database on global captives located across India, Rest of Asia, Europe, Latin America, and Africa
- Tracks captives of leading firms (e.g., Forbes 2000, Fortune 500 companies)
- Database covers more than 1,000 captive centers
- Focus on captives providing offshore delivery of global services – excludes shared services centers serving domestic market

### Key dimensions tracked

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

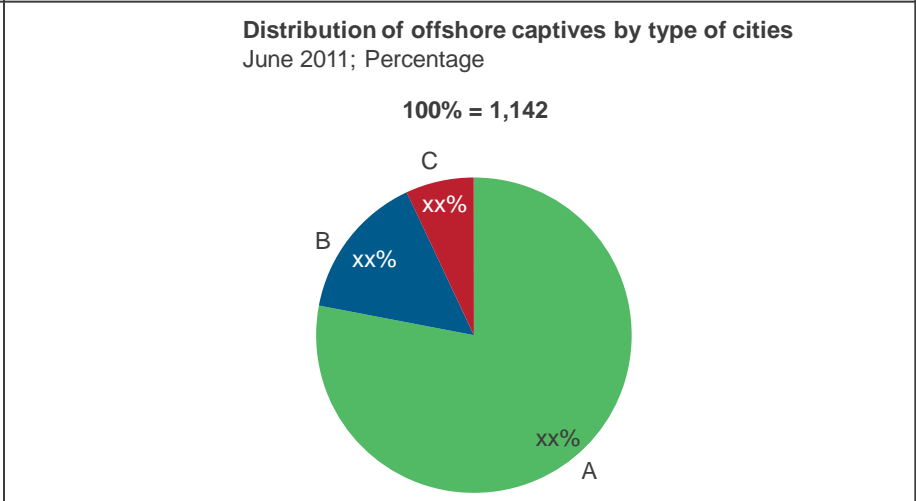
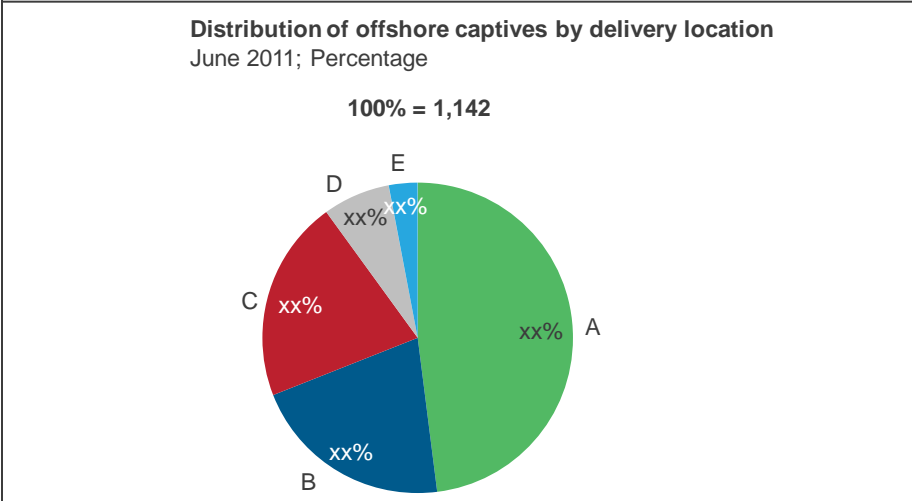
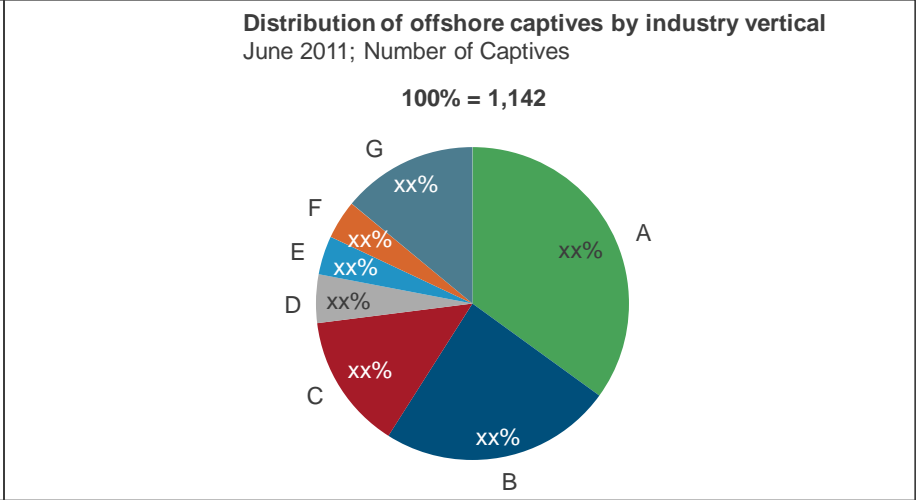
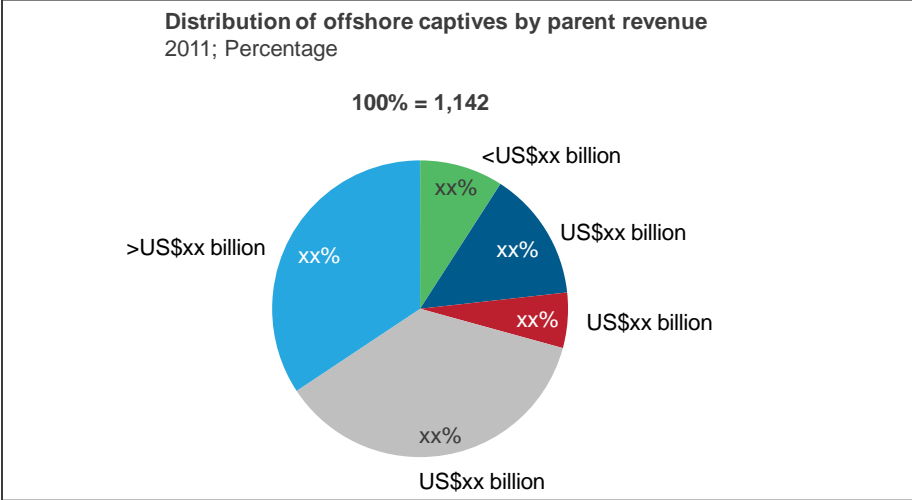
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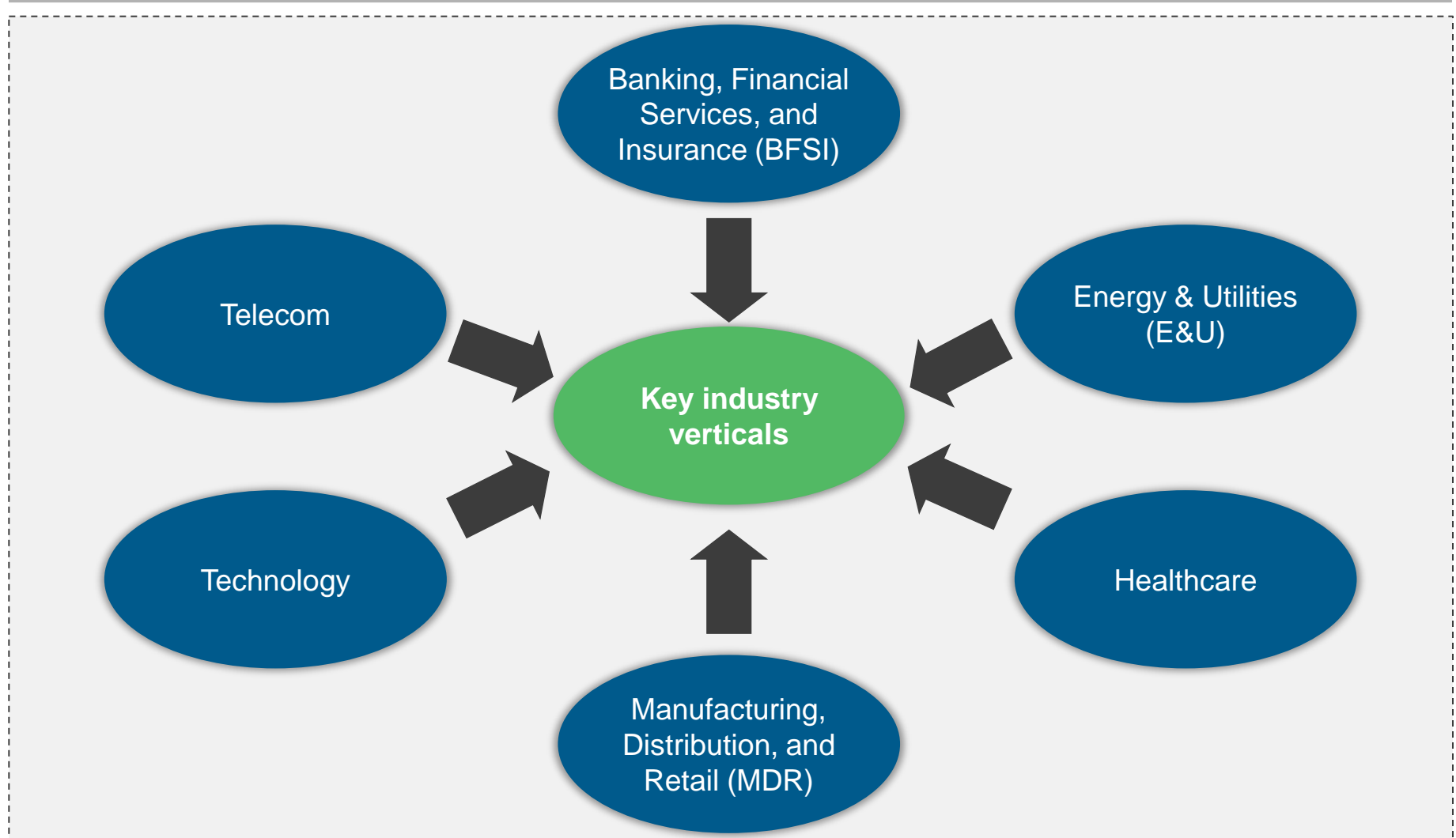
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# This research report provides an in-depth analysis of the global captive landscape and trends



Source: Everest Group (2011)

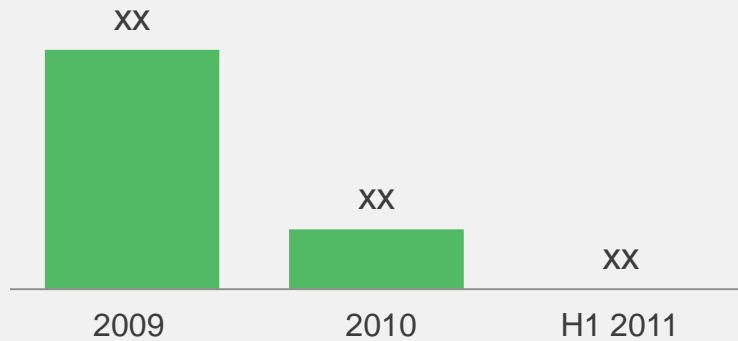
# The report analyzes the captive market across six key industry verticals





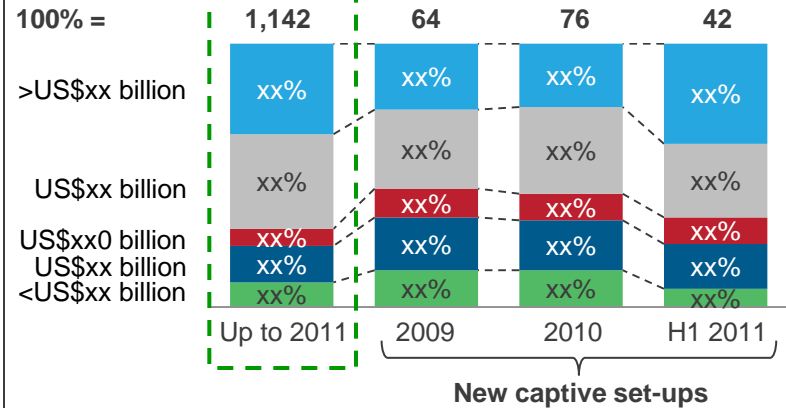
# This study also provides an analysis of the recent trend (2009-H1 2011) within the global captive landscape

## Number of offshore captive divestitures



## Distribution of offshore captives by parent revenue

Percentage

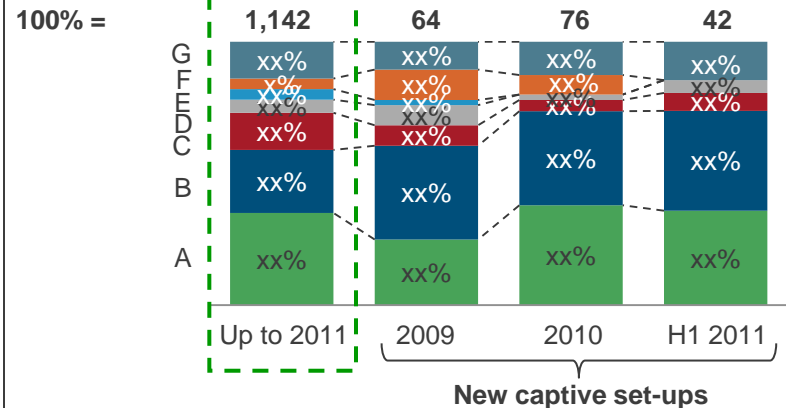


## Distribution of offshore captives by functions



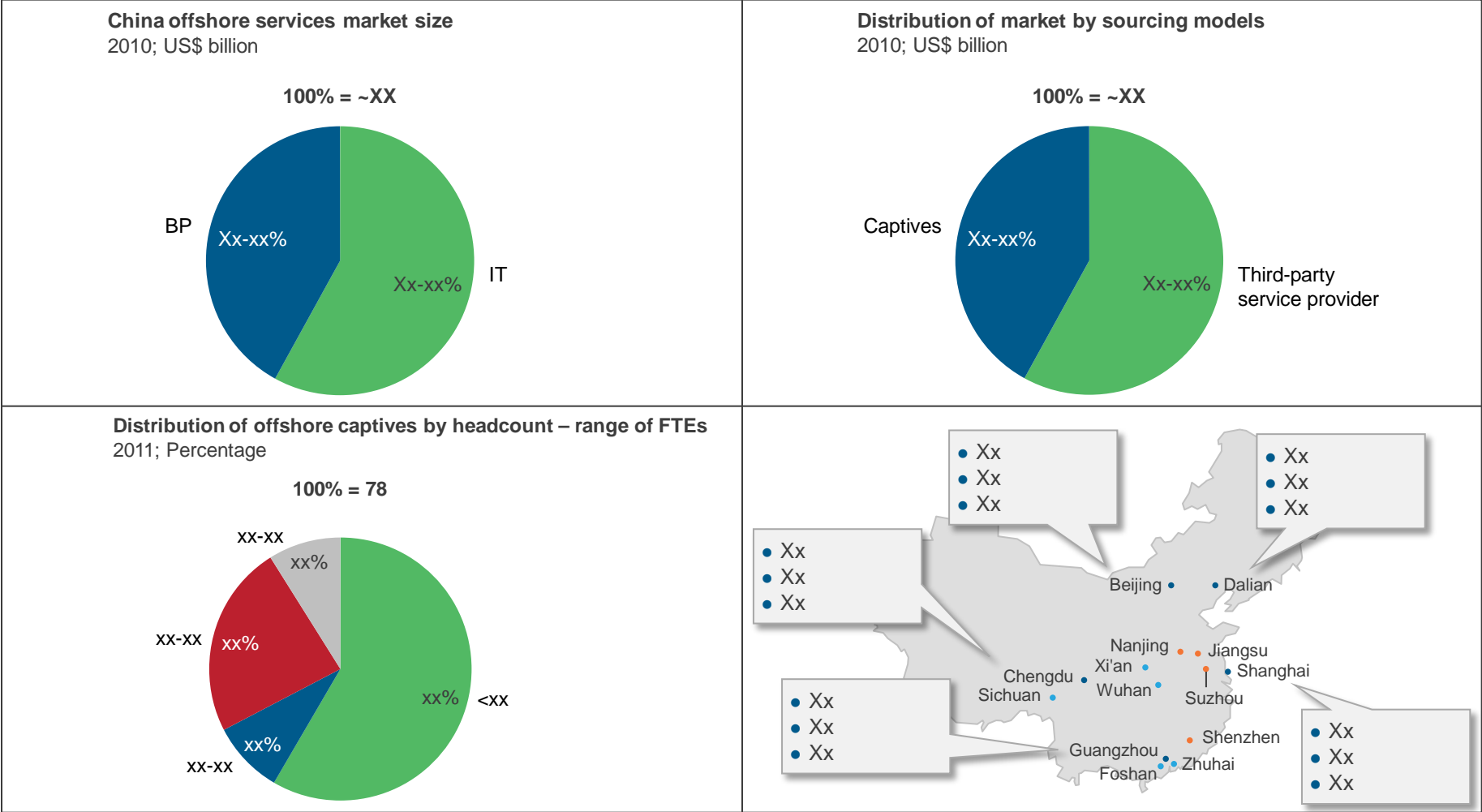
## Distribution of offshore captives by industry vertical

Percentage



Source: Everest Group (2011)

# The report also covers a detailed analysis of the focus geography – China



Source: Everest Group (2011)

# Appendix: Additional research recommendations

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: Q2 2011 (EGR-2011-8-R-0579a); 2011.** This report summarizes the key trends and developments for Q2 2011 in the global offshoring and outsourcing market
2. **India Captive Market Landscape: Challenging Common Myths and Charting Future Role (ERI-2010-2-R-0472); 2010.** This report provides an in-depth analysis of the India captive landscape and insights into key trends. The report also challenges common myths associated with captives and provides deep insights into their evolving role and value proposition
3. **Captives are Staying Alive (EGR-2011-2-R-0565); 2011.** This report is intended to help educate the market regarding the often mis-represented story of the evolution of offshore captives. It is a pointed narrative of the evolution of the captive model – with an eye towards how captives have often been misunderstood and misperceived

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# About Everest Group

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