



Topic: Remote Infrastructure Management – “Expanding the Wings of RIMO”

Information Technology Outsourcing (ITO)
Report: December 2011 – Preview Deck

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Background and methodology of the research

Background of the research:

- The Infrastructure Outsourcing (IO) model is going through a paradigm shift. The convergence of Remote Infrastructure Management Outsourcing (RIMO) and the concepts of next-generation IT are noticeable developments
- The economic downturn impacted both the offshore and traditional suppliers. Coming out of the downturn, offshore providers exhibited significant growth, unlike the multinational (MNC) suppliers. This shows that their strategy suited the buyers better, who wanted to continue leveraging the key benefits of the RIMO model
- Buyers, for quite some time, observed and evaluated the next generation concepts of cloud and consumerization. They are slowly understanding and coming around to pick and choose certain tenets from which they believe they can derive benefits
- Offshore providers, at the same time, worked on evolving their RIMO model to suit the changing demands of the market. They will have to continue to innovate and work towards expanding the wings of RIMO

The scope of analysis includes:

- Overview of the RIMO market
- IO market share of various offshore players
- Analysis of adoption trends driving RIMO
- Analysis of key challenges and the way forward for RIMO

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Summary of key messages (page 1 of 2)

RIMO has, in the past decade, received strategic impetus from the offshore provider in an effort to position RIMO as a competitive IO offering. Through traditional IO continues to hold sway as regards market share is concerned, RIMO has received increasing mindshare of the buyers in the past few years.

Everest Group conducted their research by analyzing the RIMO trends over the past few years and how RIMO is shaping up vis-à-vis traditional IO. The report then moves on to focus on the challenges and opportunities that RIMO faces in the next-generation of IO. This report analyzes the various emerging paradigms in IO and comes out with interesting insights on how RIMO is evolving.

Market update

- The slowdown of 2008 and 2009 was followed by a sharp upturn in the RIMO revenues
- The RIMO model of offshore providers continues to see increased adoption by buyers in comparison to their other service lines
- Tier-1 offshore providers increased their market share and established their footprint in terms of making RIMO deals. However, tier-2 offshore providers continued to lose market share, as a whole, to the larger providers

Summary of key messages (page 2 of 2)

Adoption trends: Offshore providers' IO offerings

- Growing acceptance of RIMO as an IO option is accompanied by certain trends that include: Increasing maturity of deals, adoption by large buyers, and improving scope
- With the increase in adoption, complexity, and maturity of deals, RIMO providers are at an inflexion point in IO where they are attempting to aggressively target mainstream adoption of RIMO by IO buyers

Challenges in the next-generation of IT

- While RIMO reaches a critical mass as a choice IO option, there are various challenges that will determine how relevant and successful it eventually becomes
- These challenges include industrialization, verticalization, automation, and transformation
- Labor-driven model is nearing its limitations. Hence, there is a growing need to add value through verticalization and spur growth through industrialization and automation

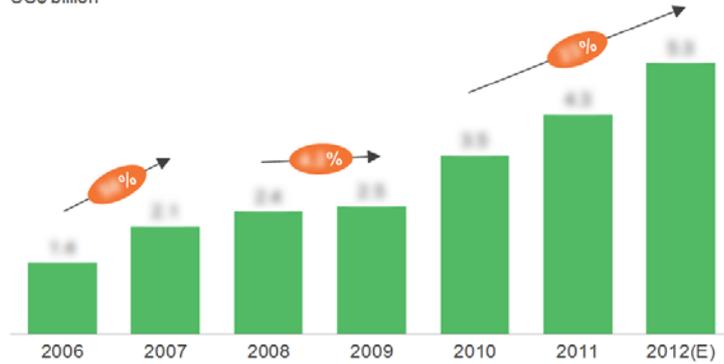
Expanding the wings of RIMO

- RIMO is no longer just an option for buyers in times of slowdown
- There are various value levers using which mid-size and enterprise buyers are trying to derive benefit from the RIMO model – return on investment, service delivery efficiency, and process standardization
- However, considering the challenges and transformations happening in the IO market, RIMO providers need to enhance the value of their offerings through productization of services and innovative contracts, which can be achieved by introducing menu-based pricing and on-demand IO

Various trends defined the growth RIMO over the years. However, the move into the next generation IO will require offshore providers evolve in certain key tenets

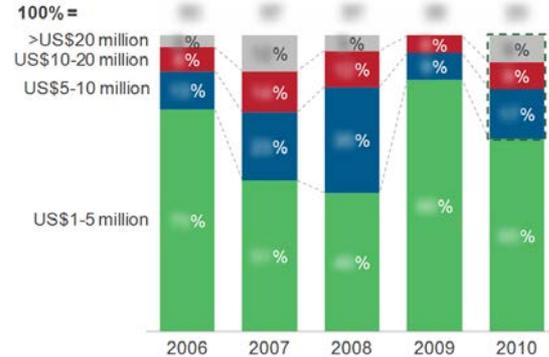
Market Size: Is the offshore provider's IO a significantly large market?

Worldwide offshore providers' infrastructure revenue growth
US\$ billion



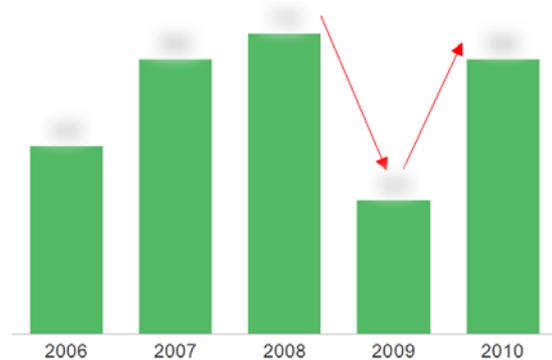
Do large size deals signify an emerging trend in RIMO?

IO deal size (ACV) distribution for offshore providers
Number of deals

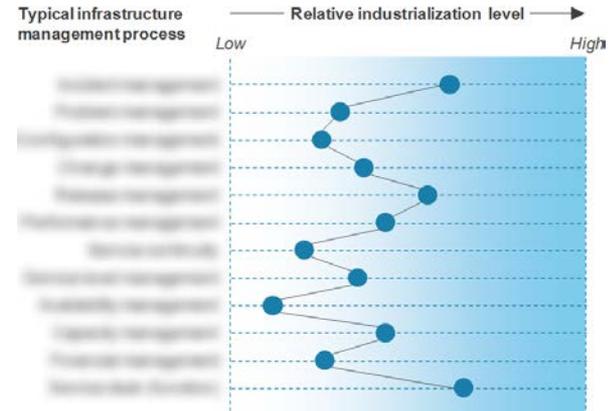


Do large offshore IO deals post slowdown signify recovery?

Average ACV of offshore IO deals
US\$ million



IO process assessment: RIMO providers need to innovate on key IO tenets



Source: Everest Group (2010)

Additional ITO 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 which may be of interest.

- 1. ITO Request for Information 2011 – A Market Insights Report** ([EGR-2011-4-R-0574](#)); 2011: Everest Group conducted the Information Technology Outsourcing (ITO) Request For Information (RFI) exercise in Q1 2011. 16 ITO providers, including large multinational (MNC) providers with headquarters in Europe, North America, India and other regions, participated in this survey. We analyzed a total of 467 ITO deals (top 30 of each provider) reported. The analysis reported herein is an aggregate summary of the responses by category (for example, buyer geography, buyer revenue, industry group, provider type, etc.)
- 2. Services-as-a-product – Travelling the Full Circle** ([EGR-2011-4-V-0595](#)); 2011: In an age when everything seems to be going "as-a-service", there emerges a parallel trend of "boxed" service offerings. As service providers continuously strive to raise productivity levels, the productization of IT services leads to standard SLAs, menu pricing, and templated delivery models. Productization is an interesting and growing trend in the ITO world
- 3. Remote Infrastructure Management – “RIMO Strategy – Stick to the Basics, but Fine-tune too”** ([ERI-2010-4-R-0462](#)); 2010: The Infrastructure Outsourcing (IO) model is going through a paradigm shift. The convergence of Remote Infrastructure Management Outsourcing (RIMO) and the traditional infrastructure outsourcing model in recent years is a noticeable development. The inherent flexibility of the RIMO model allows the offshore suppliers to tweak their strategy during the recession and go back to the tried and tested basic characteristics of RIMO model

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