Everest Group
RESEARCH

Topic: Infrastructure Outsourcing Market Update 2012

Information Technology Outsourcing (ITO)
Report: July 2012 – Preview Deck

EGR-2012-4-PD-0703

Our research offerings for global services

Subscription information

- The full report is included in the following subscription(s)
  - Information technology
- 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:
  - info@everestgrp.com
  - +1-214-451-3110

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

Banking, financial services, insurance	**Healthcare**	**Finance & accounting**
Procurement	**Information technology**	**Cloud Vista**
Human resources	**Recruitment process**	**Global sourcing**
PricePoint	**Service provider Intelligence**	**Transaction Intelligence**

Custom research capabilities

- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies

Everest Group RESEARCH

EGR-2012-4-PD-0703

Background, scope, and methodology

Background and scope

- Everest Group conducted the Information Technology Outsourcing Request For Information (RFI) exercise in Q1 2012
- In the RFI 2012, we reached out to 14 ITO providers. They included large multinational (MNC) providers with headquarters in Europe, North America, India and other regions

Methodology

- We asked RFI participants to report their 30 largest ITO deals (by total contract value) for 2011
- We analyzed a total of 572 ITO deals reported; the overview section of this document describes the scope of the reported data in detail
- We asked the respondents about their top 30 deals only, so as to focus on the high-value ITO market and to limit the effort required for data collection
- The analysis herein is an aggregated summary of the responses by category (i.e., buyer geography, buyer revenue, industry group and provider type)
- This year onwards we have split the report into two – Application Outsourcing (AO) Market Update and Infrastructure Outsourcing (IO) Market Update
- This report is on the infrastructure outsourcing market
- This report also features a special section on cloud adoption in Infrastructure Outsourcing, which is based on analysis carried out on proprietary Everest Group data and referenced public sources

What is inside?

2011 was another eventful year for Infrastructure Outsourcing (IO) services. We analyzed the IO market with a broad focus upon two key stakeholders – buyers and providers. The results from our analysis bring out key insights from various perspectives that include buyer geography, buyer industry, buyer size, pricing model, outsourcing functions, and type of providers

Service providers: Though MNCs continued to be the leaders in the IO market, offshore providers appeared to be steadily converging with MNCs, in sales strategy as well as deal wins. Similarity was observed between MNCs and offshore providers, on a number of parameters we analyzed IO on

Buyers: Buyers across geographies appeared to find increased value in the RIMO model of offshore providers, due to the flexibility and options this model provided. Due to the high costs associated with infrastructure outsourcing, there was visible difference, based on specific outsourcing needs, in the way buyers approached IO

Bundling of services: Our analysis of bundling of services (IO, AO, and BPO) showed that bundling, per se, did not result in higher deal sizes. Deal sizes were driven by the criticality, resources, and expertise required by the buyers

Overall, the IO appears to be on a cusp of transformational change. It is IO that appears to show the way in cloud adoption. The way Infrastructure-as-a-Service (IaaS) is growing, says a lot about the impetus that buyers and providers alike, give to IO. Honoring this very sentiment, this year's report covers a special feature on cloud adoption in infrastructure outsourcing

ITO Research Team
ITOresearch@everestgrp.com

Table of contents (page 1 of 2)

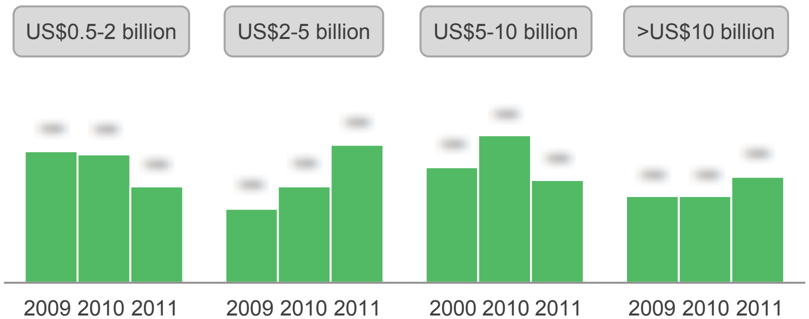
Everest Group RESEARCH

Table of contents (page 2 of 2)

This research analyzes adoption of infrastructure outsourcing by buyer industry, size, and geography. It gives insights on deal pricing, value, duration, scope, and many other parameters

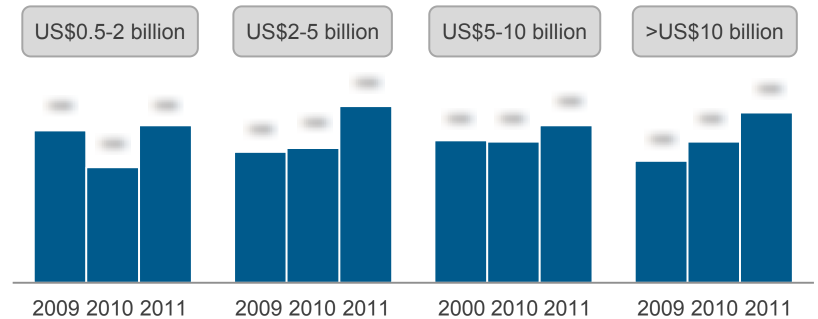
Buyer segments displayed varying preferences in dealing with offshore providers

Average offshore deal duration by buyer size
2009-2011; Years

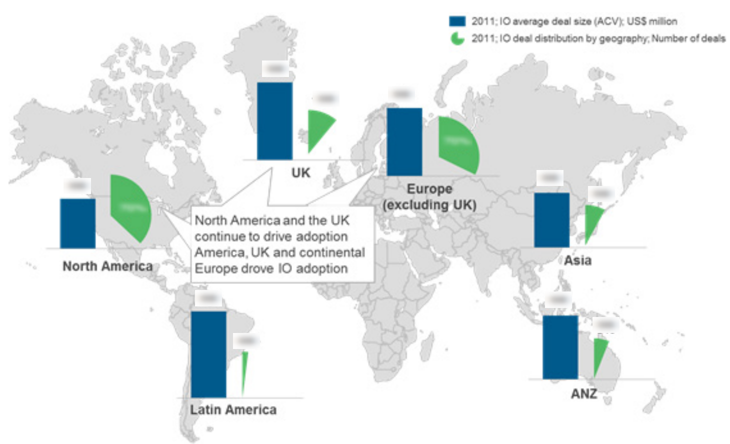


MNCs focused on deriving longer annuity from IO deals

Average MNC IO deal duration by buyer size
2009-2011; Years

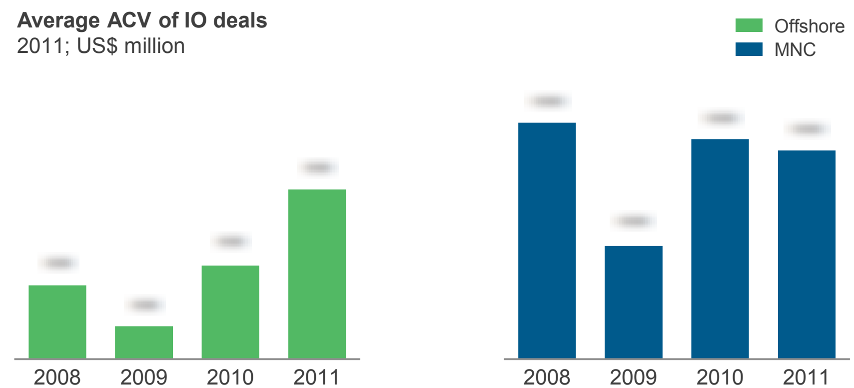


IO saw adoption across the globe



Increasing similarity between MNCs and offshore providers

Average ACV of IO deals
2011; US$ million



Source: Everest Group (2012)

Everest Group RESEARCH

EGR-2012-4-PD-0703

ITO research agenda (page 1 of 5)

Published | Current | Upcoming

Topic	Goals of the research	Release date
Service Provider Spotlight – uTest	This Service Provider Spotlight document examines uTest, a leading software testing service provider, with a focus on its crowdsourcing Software-as-a-Service model for providing testing services. The company's model offers an alternative to the traditional options that developers have been offered in the past	October-2011
IT Services Sourcing Maturity: Need for a Holistic Approach	Key indicators of maturity of ITO programs. How maturity assessment helps. Key implications for service providers	November-2011
Independent Testing Services – Service Provider Profiles	Profiles of major outsourcing providers in terms of their testing services	November-2011
2012 Market Predictions	Everest Group's analysts have released their complimentary 2102 predictions for key outsourcing and offshoring markets	December-2011
Remote Infrastructure Management – “Expanding the Wings of RIMO”	Continuation of the 2008, 2009, 2010 research analyzing RIMO market trend and new developments. Overview of new trends in RIMO market and service provider strategies	December-2011

ITO research agenda (page 2 of 5)

Published | Current | Upcoming

Topic	Goals of the research	Release date
Value Creation in Cloud Infrastructure: It Varies, but mostly from Good to Excellent	Virtualization technology paved the way for improved economics in datacenters of today and tomorrow, thanks to cloud computing. Cloud infrastructure presents a compelling business case from a total cost of ownership perspective, enabled by higher asset utilization and dynamic provisioning. Everest Group developed an economic model that compares a buyer's legacy datacenter environment to multiple potential cloud adoption scenarios. This viewpoint helps firmly establish the case for each IT shop to ensure they have evaluated the option of cloud computing along their transitional journey	January-2012
Webinar Deck: 2012 Global Services Market Predictions: Context, Growth, Disruption	A panel of Everest Group Analysts will discuss market predictions for the following areas: Service Provider Intelligence, Global Sourcing, Information Technology Outsourcing, Finance and Accounting Outsourcing, Procurement Outsourcing, Human Resources Outsourcing, and Banking, Financial Services, Insurance Outsourcing. Key themes across all areas that will be discussed are context, growth, and disruption	January-2012
Mergers and Acquisitions (M&A): “Doing Good in Bad Times”	To analyze the trends in mergers and acquisitions over the last 5 years in terms of strategic intent, industry, buyer type, and M&A landscape going ahead	February-2012

Everest Group RESEARCH

ITO research agenda (page 3 of 5)

Published | Current | Upcoming

Topic	Goals of the research	Release date
Social Networks for Global Delivery – Get that ITCH	Analysis of the strategies service providers needs to develop to leverage social media in their global delivery model	March-2012
Renewal Intelligence Impending Contract Renewals – "Back to the Future"	Analysis of major deal renewals coming in the next 6-12 months. What was outsourced, who were the key players, what is expected going ahead, how the industry has changed over the period of the deal	June-2012
Application Outsourcing Market Update 2012	Trends in high valued ADM market segmented along buyer size, geography, industry, service provider type, infrastructure towers, deal size etc.	June-2012
Infrastructure Outsourcing Market Update 2012	Trends in high valued infrastructure outsourcing market segmented along buyer size, geography, industry, service provider type, infrastructure towers, deal size etc.	July-2012
Enterprise cloud Analysis	Second viewpoint on series of viewpoints and reports on Enterprise cloud	Q2-2012

ITO research agenda (page 4 of 5)

Published | Current | Upcoming

Topic	Goals of the research	Release date
ITO Landscape	Report on the emerging trends in IT outsourcing (e.g., social media, consumerization, cloud etc.) and their impact. Insights from major buyers and the way they are seeing the changes	Q3-2012
Consumerization of IT	Analysis of consumerization of IT from provider's and buyer's perspective, current trends, future expectations etc.	Q3-2012
Market trends: Offshore infrastructure services	Analysis of infrastructure service market from an offshore perspective, includes deal analysis, market trends, acceptance trends, changes/challenges, and the future roadmap	Q3-2012
Testing as a service	Perspectives on testing in a cloud or on-demand model	Q4-2012
Crowdsourcing in ADM services	Analysis of the impact of crowdsourcing on typical ADM services	Q4-2012

ITO research agenda (page 5 of 5)

Published | Current | Upcoming

Topic	Goals of the research	Release date
Mergers and Acquisitions (M&A): "Doing Good in Bad Times"	Analysis of major mergers and acquisition in the global service industry, valuations, strategic driver, future direction, acquisition themes, etc.	Q1-2013
Renewal Intelligence	Analysis of major global service deals coming up for renewals in the coming in the next 6-24 months and beyond. Opportunity sizing, deal scope, who were the key players, what is expected going ahead, how the industry has changed over the period of the deal	Q1-2013
Enterprise mobility	Analysis on mobility within an enterprise from infrastructure an application perspective	Q1-2013

Appendix: Additional research recommendations

The following documents are recommended for additional insight into 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. **Enterprise Cloud Adoption: Role of Cloud in Global Services** (EGR-2012-4-R-0682a); 2012: This research presents a fact based analysis of cloud adoption cutting through the confusion and provides insights on industry trends, cloud deal size and duration, bundling of towers, why cloud is getting adopted, role of the providers, and analysis of key global service engagements with cloud delivery in scope

2. **ITO Request for Information 2011** (EGR-2011-4-R-0574); 2011. This report discusses key messages from the IT Outsourcing RFI 2011 and data-driven conclusions on the market trends in ITO and its key market segments. Both buyers and providers will gain a deeper understanding of the ongoing evolution in the ITO market, and will be better positioned to adapt to changing market conditions

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

Ross Tisnovsky, Senior Vice President: ross.tisnovsky@everestgrp.com
Chirajeet Sengupta, Practice Director: chirajeet.sengupta@everestgrp.com
Abhishek Singh, Senior Analyst: abhishek.singh@everestgrp.com
Yugal Joshi, Senior Analyst: yugal.joshi@everestgrp.com
ITO research team: ITOresearch@everestgrp.com

Everest Group
Two Galleria Tower
13455 Noel Road, Suite 2100
Dallas, TX 75240

Phone: +1-214-451-3110
Email: info@everestgrp.com

About Everest Group

Everest Group is an advisor to business leaders on the next generation of global services with a worldwide reputation for helping Global 1000 firms dramatically improve their performance by optimizing their back- and middle-office business services. With a fact-based approach driving outcomes, Everest Group counsels organizations with complex challenges related to the use and delivery of global services in their pursuits to balance short-term needs with long-term goals. 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. For more information, please visit www.everestgrp.com and research.everestgrp.com.

Everest Group

Leading clients from **insight** to ***action***

Everest Group locations

Dallas (Headquarters):	info@everestgrp.com +1-214-451-3000
New York:	info@everestgrp.com +1-646-805-4000
Toronto:	canada@everestgrp.com +1-416-865-2033
London:	unitedkingdom@everestgrp.com +44-207-887-1483
Delhi:	india@everestgrp.com +91-124-496-1000

www.everestgrp.com | research.everestgrp.com | www.sherpasinblueshirts.com