



Topic: Global In-house Center (GIC) Landscape in Costa Rica and Trends in Offshore GIC Market

Global Sourcing
Market Report: April 2013 – Preview Deck

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Terminology | Global In-house Center (GIC) replacing “captive”

Context

- Historically, the term “captive” has referred to service delivery operations in lower cost geographies, which are owned and operated by the same company receiving the services (i.e., not third-party outsourcing)
- Although the term has become widely used, it has a perceived negative tone and is not self-explanatory, causing confusion for those new to the global services space
- Furthermore, many organizations, for which captive is intended to describe, do not use the term themselves

What has changed

- Everest Group has adopted “Global In-house Center” or “GIC” as the preferred term to replace “captive”
- This will appear in all of our reports and content beginning in July 2012

Growing industry-wide shift

Both NASSCOM (India) and BPAP (Philippines) are championing the change in terminology

NASSCOM[®]

BPAP[®]
Business Processing Association
PHILIPPINES

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Background and scope of research

Background of the research

- The global sourcing market continues to evolve and grow rapidly in 2012 to reach a size of ~US\$127 billion. While buyers leverage different sourcing models as per their objectives and requirements, the in-house model continues to be an integral component of this evolution
- The success of the GIC model in India and Philippines led buyers to explore other locations. While India and Philippines continue to lead GIC activity, companies established GICs in other parts of Asia, Central and Eastern Europe, Latin America, and Africa
- One of the strongest contenders among nearshore locations is Costa Rica, with significant GIC activity over the past two to three years. Due to its unique value proposition (e.g., proximity to North America, low risks, cultural affinity, and multilingual capabilities), Costa Rica is rapidly emerging as a credible location to support voice-based work. The market also diversified into services such as back-office BPO, F&A, IT services, and KPO

The scope and methodology of this report include

- In the first section of this edition of the biannual GIC report, we analyze the offshore GIC landscape in Costa Rica in terms of market size, historical growth, future growth expectations, landscape of GIC parents, functions supported, and key cities witnessing activity
- The report also provides an update on the global offshore GIC landscape, along with a view of the recent trends (2010 to 2012) in the GIC landscape
- This report is based on Everest Group's proprietary GIC database that is updated quarterly with new set-up activity, expansion/contraction of existing GICs, divestures, and capability additions

This research leverages Everest Group's proprietary GIC database that tracks offshore GICs of leading companies

Everest Group's proprietary GIC database

Unique characteristics

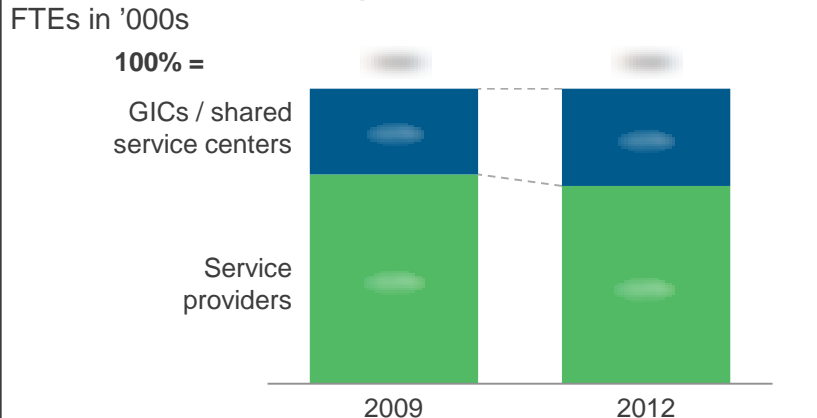
- Industry's most comprehensive database of offshore GICs located across India, Rest of Asia, Europe, Latin America, and Africa
- Tracks GICs of leading firms (e.g., Forbes 2000 and Fortune 500 companies)
- Database covers more than 1,400 GICs
- Focus on GICs providing offshore delivery of global services – excludes shared services centers serving the domestic market

Key dimensions tracked

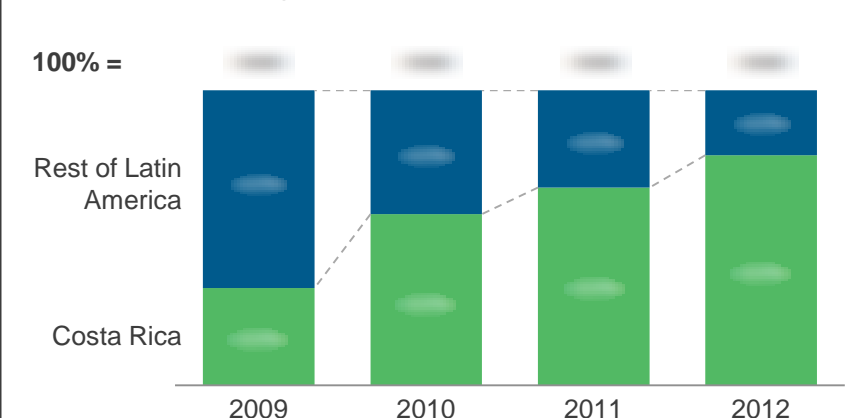
- Scale (FTE range)
- Industry verticals
- Functions offered (e.g., IT, BP, and ES/R&D)
- Parent geographies
- Parent size (revenue range)
- Location of delivery centers

This report provides an in-depth analysis of the GIC landscape and trends in Costa Rica

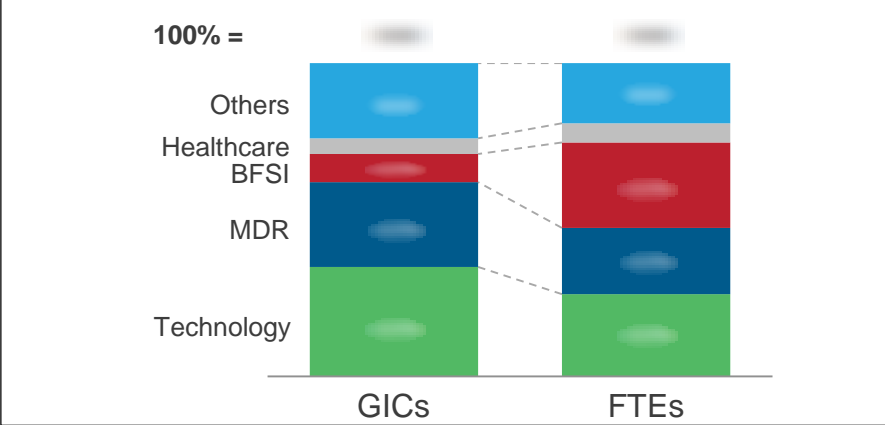
Distribution of offshore services headcount in Costa Rica across GICs and service providers



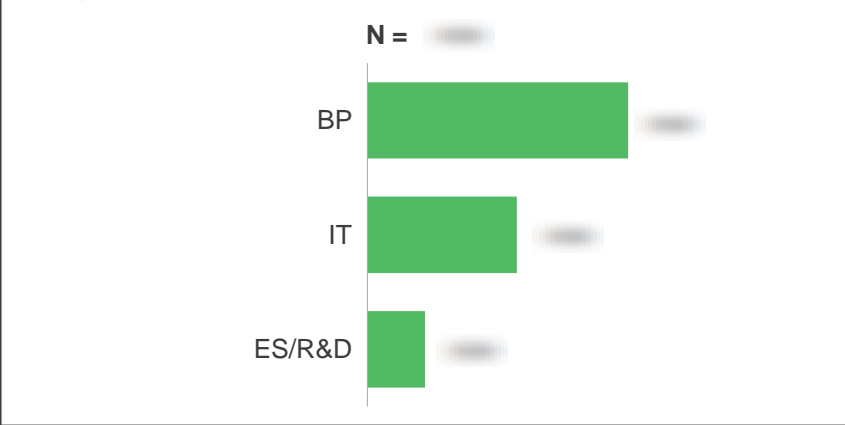
Distribution of leading offshore GICs in Latin America



Distribution of offshore GICs in Costa Rica by industry vertical



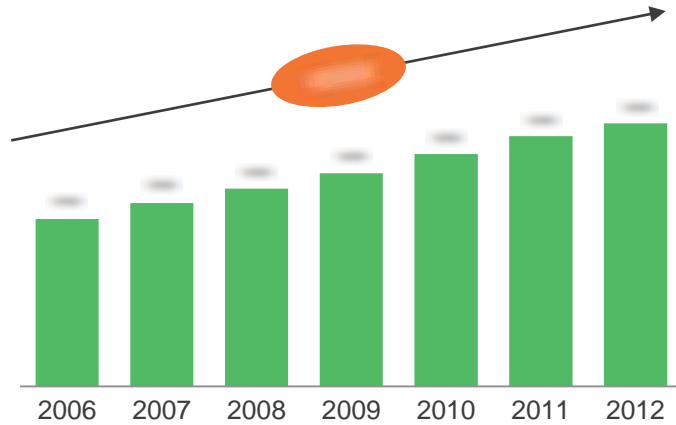
Distribution of offshore GICs in Costa Rica by functions



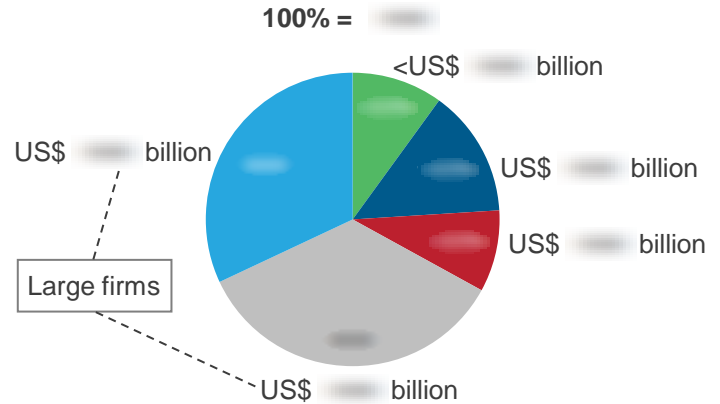
Source: Everest Group (2013)

The research also covers a detailed analysis of the GIC landscape and trends

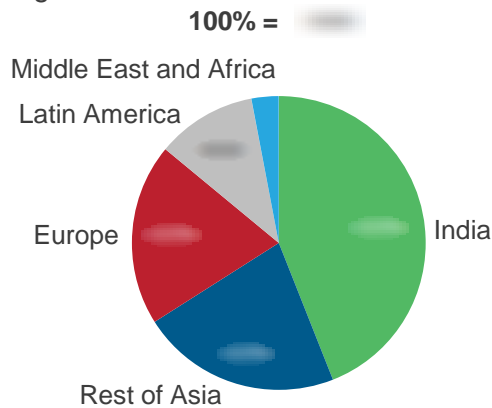
Number of leading offshore GICs



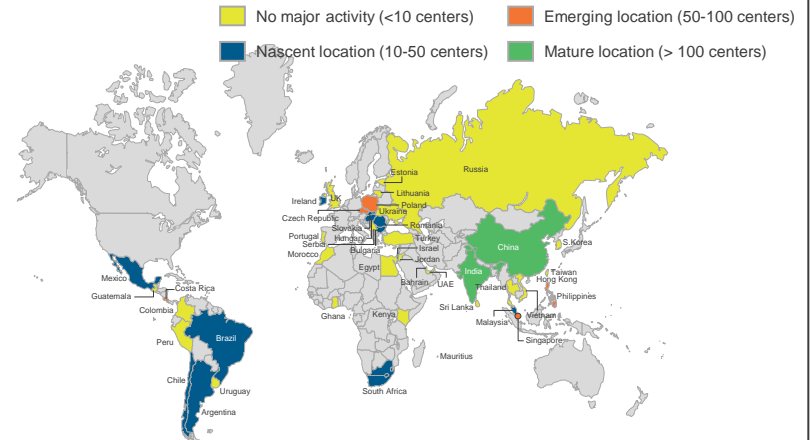
Distribution of offshore GICs by parent revenue 2012; Percentage



Distribution of offshore GICs by delivery location 2012; Percentage

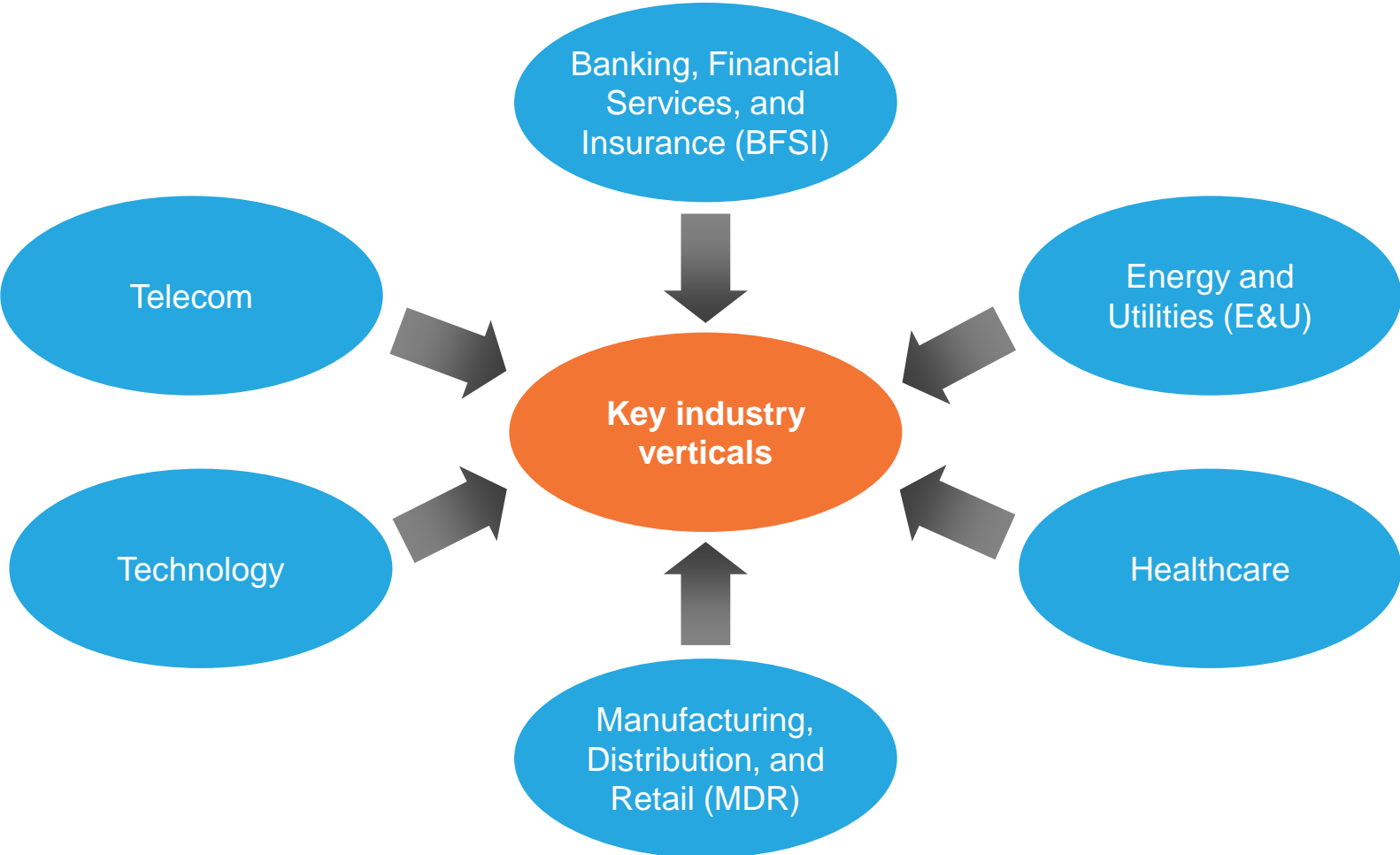


GIC activity | Market activity heatmap



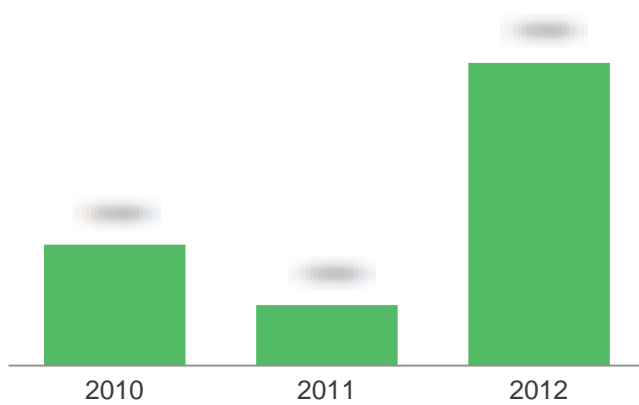
Source: Everest Group (2013)

The report analyzes the GIC market across six key industry verticals



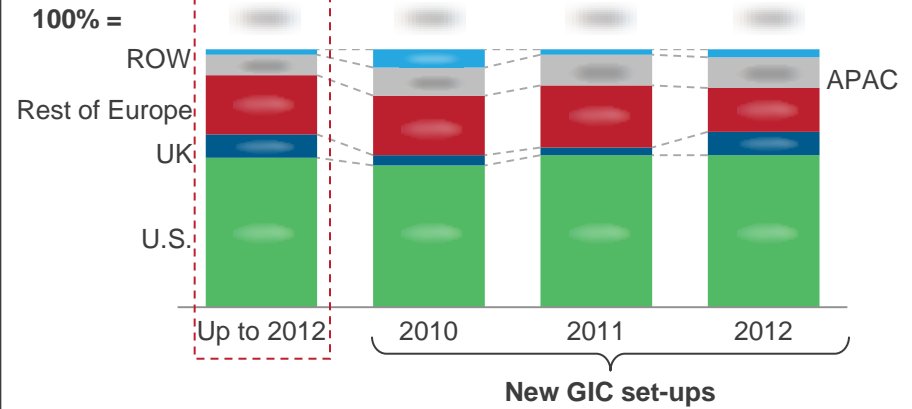
This study also provides an analysis of the recent trend (2010 to 2012) within the GIC landscape

Number of offshore GIC divestitures



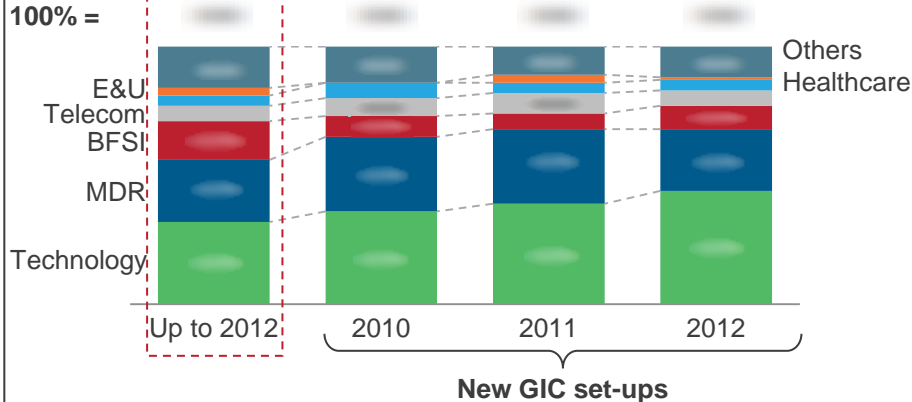
Distribution of offshore GICs by parent geography

Number of GICs



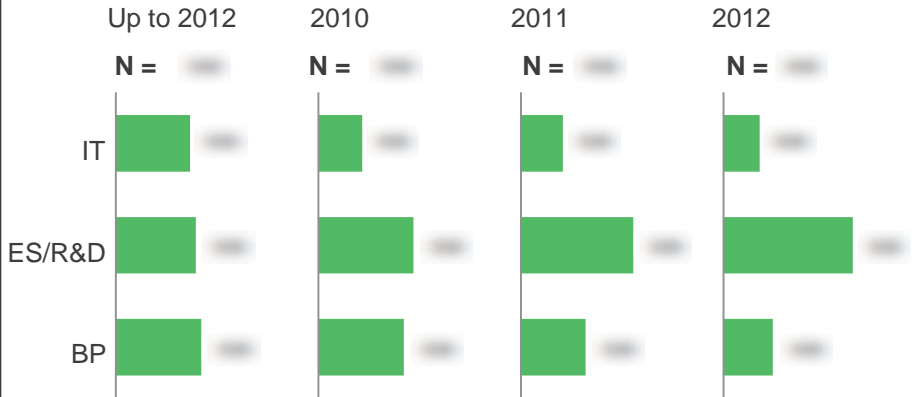
Distribution of offshore GICs by industry vertical

Number of GICs



Distribution of offshore GICs by functions

Number of GICs



Source: Everest Group (2013)

Global Sourcing research calendar

■ Published ■ Current

Topic	Release date
Global Sourcing Trends in the U.S. Mortgage Industry	October-2012
Global Locations Compass – Brazil	November-2012
Eight Habits of Highly Ineffective Contact Center Outsourcing Relationships	November-2012
Webinar Deck: Market Vista: Global Services Developments in Q4 2012 and 2012 Year in Review	February-2013
Global In-house Center (GIC) Landscape in Costa Rica and Trends in Offshore GIC Market	April-2013
Sourcing Model Strategy – GIC (Internal) vs. Third-party (External Service Provider)	Q2-2013
Global Locations Compass: Poland	Q2-2013
Viewpoint on “Value Beyond Cost Savings” – Clearing the Air!	Q2-2013
Outsourcing and Offshoring Trends in Select Verticals	Q2-2013
Viewpoint on GIC cost competitiveness	Q2-2013
Outsourcing and Offshoring Trends in Select Verticals	Q2-2013
Global Locations Compass: Mexico	Q3-2013
Global In-house Center (GIC) Landscape in Malaysia and Trends in Offshore GIC Market	Q3-2013
Viewpoint (Hallmarks of mature GICs – Learnings to stay ahead)	Q4-2013
Viewpoint (Emerging locations in APAC)	Q4-2013

Appendix: Additional research recommendations

The following documents are recommended for additional insight into the topic covered in this research. The recommended documents either provide additional details on the topic or complementary content that may be of interest

- 1. Global Offshore Global In-house Center (GIC) Landscape and Trends: Focus Geography – Poland** ([EGR-2012-2-R-0747](#)); 2012: This report analyzes the global offshore GIC landscape and key trends for the last 30 months (2010 – H1 2012). The report also provides a deep-dive analysis on the offshore GIC landscape in Poland covering market size and growth, distribution of GIC landscape, and deep-dives into industry verticals
- 2. Global Offshore Captive Landscape and Trends: Focus Geography – The Philippines** ([EGR-2012-2-R-0661](#)); 2012. This report analyzes the global offshore GIC landscape and key trends for the last three years (2009-2011). The report also provides a deep-dive analysis of the offshore GIC landscape in the Philippines, covering market size and growth and distribution of GIC landscape. It deep-dives into industry verticals
- 3. Global Offshore Captive Landscape and Trends, Focus Geography – China** ([EGR-2011-2-R-0601](#)); 2011. This report analyzes the global offshore GIC landscape and key trends for the last 30 months (2009 – H1 2011). The report also provides a deep-dive analysis on the offshore GIC landscape in China covering market size and growth, distribution of GIC landscape, and deep-dives into industry verticals

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