



# Topic: Global In-house Center (GIC) Landscape Annual Report 2013

Global Sourcing (GS)  
Annual Report: April 2014 – Preview Deck

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<sup>1</sup> Banking, financial services, and insurance

# Background and scope of the research

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## Background of the research

- The global sourcing market continued to evolve and grow rapidly in 2013 to reach a size of ~US\$137 billion. While buyers leverage different sourcing models as per their objectives and requirements, the GIC 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 both these countries continue to lead GIC activity, companies also established GICs in other parts of Asia, Central and Eastern Europe (CEE), Latin America, and Middle East and Africa (MEA)
- Besides the geographic diversification, the GIC market also expanded well across industry verticals and functions

## The scope and methodology of this report:

- The first section of this report analyzes the overall GIC landscape in terms of growth, buyer portfolio, scale, functions supported, and key delivery locations
- The report also provides a yearly update of the GIC market in 2013, compared to the last two years
- The third section is a deep-dive into the GIC market across locations, verticals, and functions
  - Locations: Coverage across Asia, CEE, Latin America, and MEA
  - Verticals: Banking, Financial Services & Insurance (BFSI), Energy & Utilities (E&U), healthcare, Manufacturing, Distribution & Retail (MDR), technology, and telecom are the focused industry verticals covered in this report
  - Functions: Besides covering Business Process (BP), Infrastructure Technology (IT), and R&D/engineering services, the report provides extensive views across subfunctions of BP and IT
- The last section is an assessment of strategic priorities for GICs, covering end-to-end ownership and Global Process Owners (GPOs), creating talent value proposition, alignment with parent on value beyond arbitrage, and collaboration with service providers (vendors)
- 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, divestitures, and capability additions in addition to ongoing interactions with GICs and parent stakeholders

# Table of contents (page 1 of 2)

Topic	Page no.
Background and scope	6
Summary of key messages	9
<b>Section I: Overview of the GIC landscape</b>	<b>14</b>
• Summary	15
• Global offshore services and the GIC market: Size and growth	16
• Distribution of the GIC landscape by:	
– Buyer portfolio: Size, geography, and vertical	19
– Scale	24
– Functions supported	25
– Offshore delivery locations	27
<b>Section II: GIC landscape – 2013 year-in-review</b>	<b>28</b>
• Summary	29
• Recent trends in GIC set-ups	30
• Recent trends in the GIC landscape (2011 to 2013) by:	
– Buyer portfolio: Revenue, geography, and vertical	31
– Functions supported	34
– Offshore delivery locations	35
• Overview of GIC divestitures (2011 to 2013)	36

# Table of contents (page 2 of 2)

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Topic	Page no.
<b>Section III: Trends in the GIC market</b>	<b>37</b>
• Summary	38
• Deep-dive into locations	39
– Type of cities	40
– Geographies: Asia, CEE, Latin America, and MEA	41
– Established and emerging delivery locations	46
• Deep-dive into key industry verticals and functions	55
– Banking, Financial Services, and Insurance (BFSI)	57
– Energy and Utilities (E&U)	59
– Healthcare	61
– Manufacturing, Distribution, and Retail (MDR)	63
– Technology	65
– Telecom	67
– GIC penetration across functions	69
<b>Section IV: Strategic priorities for GICs</b>	<b>70</b>
<b>Appendix</b>	<b>76</b>
• List of divestures (2011 to 2013)	77
• Recent GIC set-ups (2013)	84
• Glossary of key terms	96
• GS research calendar	97
• References	98

# Overview and abbreviated summary of key messages

This report provides a deep-dive into the GIC landscape and a year-on-year analysis of the GIC trends in 2013, comparing them with trends in last two years. The research also brings out key insights into the GIC market across locations, verticals, and functions and concludes with an assessment of strategic priorities for GICs

**Some of the findings in this report, among others, are:**

## Overview of the GIC landscape

- The GIC segment accounted for 20 to 25% of the global offshore services market (estimated at ~US\$137 billion in 2013)
- Although, the GIC market continued to register new GIC set-ups, slowdown in the global economy impeded the rate of growth since 2012

## GIC landscape – 2013 year-in-review

- The number of GIC set-ups declined from 103 in 2011 to 69 in 2013. However, the market is expected to gain momentum in the near future
- In 2013, the share of U.S.-based firms setting up GICs fell. This was taken over by firms from Europe and APAC. Also, technology firms took a backseat in the last one year. BFSI and telecom were the only two verticals which saw increased GIC activity in 2013, compared to 2012

## Trends in the GIC market

- GIC activity remained stable in the CEE region but declined in India, Rest of Asia, and Latin America. Middle East and Africa (MEA) was the only region which saw increase in the number of GIC set-ups in 2013, as compared to last year
- Leading firms are expanding their GIC operations to tier-2/3 cities due to increased saturation in tier-1 cities

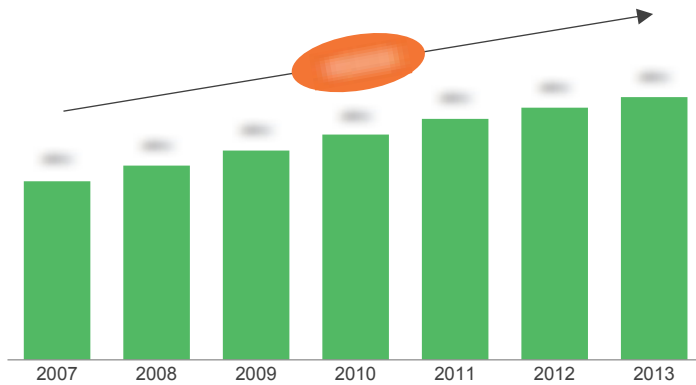
## Strategic priorities for GICs

- As GICs evolve further, there are multiple strategic priorities that can help them in their maturity journey. These priorities include end-to-end ownership of GICs to evolve into global process owners, creating talent value proposition in the GIC model, attaining alignment with parent stakeholders on value beyond arbitrage, and collaboration with service providers (vendors)

# This study offers four distinct chapters providing a deep dive into key aspects of GIC market; below are four charts to illustrate the depth of the report

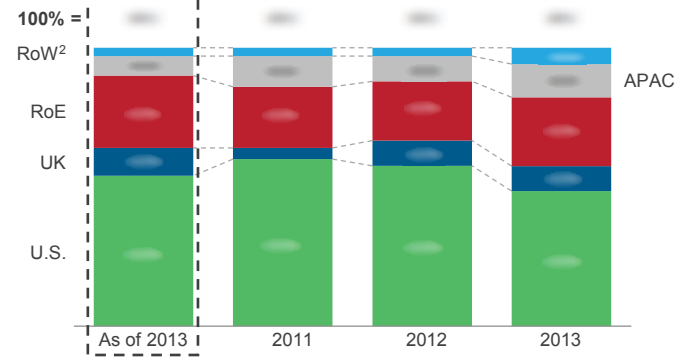
## Overview of the GIC landscape

Number of leading offshore GICs



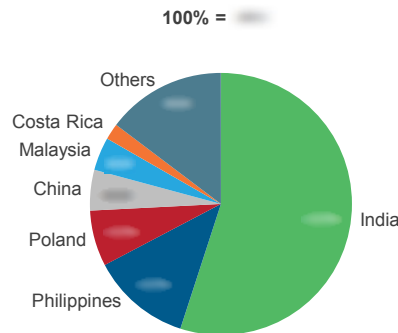
## GIC landscape – 2013 year-in-review

Distribution of offshore GICs by parent geography  
Percentage



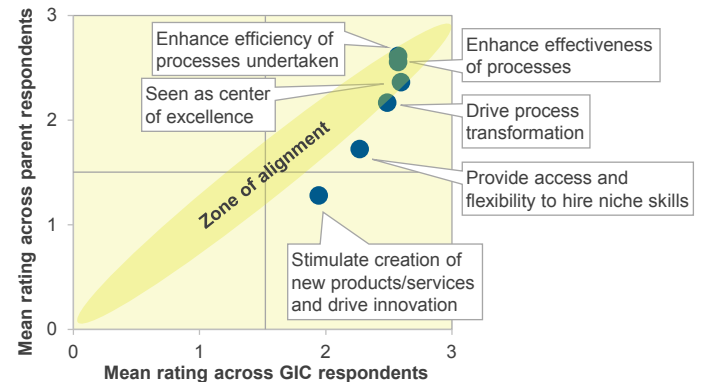
## Trends in the GIC market

GIC market size (FTEs) by delivery location  
2013; '000s



## Strategic priorities for GICs

Future expectations on value beyond cost savings  
Mean rating across respondent category



Source: Everest Group (2014)

# GS research calendar

■ Published
 ■ Current

Topic	Release date
Global In-house Center (GIC) Landscape in Malaysia and Trends in Offshore GIC Market .....	October-2013
Global Locations Compass – Poland .....	November-2013
"De-mythifying" Location Concentration Risk – Realities Behind Common Myths of Location Concentration Risk .....	November-2013
Global Locations Compass – Mexico .....	December-2013
Hyderabad IT-BP Sector Emerges Unscathed from the Telangana Movement.....	December-2013
Global In-house Center (GIC) Landscape Annual Report 2013 .....	April-2014
GIC landscape report 1: BFSI .....	Q2-2014
Global sourcing webinar: Topic TBD .....	Q2-2014
Thematic report 1: Articulation and substantiation of value addition by GICs .....	Q2-2014
Thematic report 2: Cost competitiveness of GICs .....	Q2-2014
GIC landscape report 2: India .....	Q3-2014
Viewpoint 1: Talent management strategies in GICs .....	Q3-2014
GIC landscape report 3: Engineering services / R&D .....	Q4-2014
Thematic report 3: Current state of global sourcing maturity .....	Q4-2014
Viewpoint 2: Topic TBD .....	Q4-2014



# Additional research recommendations

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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 In-house Center (GIC) Landscape in Malaysia and Trends in Offshore GIC Market** ([EGR-2013-2-R-0950](#)); 2013. This report provides a deep-dive into the GIC landscape in Malaysia. The research also provides an in-depth analysis of the overall GIC landscape, focused coverage on key industry verticals, and insights into trends for the last 30 months (2011-H1 2013)
2. **Global In-house Center (GIC) Landscape in Costa Rica and Trends in Offshore GIC Market** ([EGR-2013-2-R-0863](#)); 2013. This report provides a deep-dive into the GIC landscape in Costa Rica. The research also provides an in-depth analysis of the overall GIC landscape, focused coverage on key industry verticals, and insights into trends for the last three years (2010-2012)
3. **Global Offshore Global In-house Center (GIC) Landscape and Trends: Focus Geography – Poland** ([EGR-2012-2-R-0747](#)); 2012. This report analyzes the GIC landscape and key trends for the last 30 months (2010-H1 2012). The report also provides a deep-dive of the GIC landscape in Poland covering market size and growth, distribution of GIC landscape, and in-depth exploration of industry verticals

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### At a glance

- With a fact-based approach driving outcomes, Everest Group counsels organizations with complex challenges related to the use and delivery of the next generation of global services
- 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

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