Everest Group
RESEARCH

Topic: Growth of BPO in Latin America across F&A, HR, and Procurement

Business Process Outsourcing
Market Report: February 2014 – Preview Deck

EGR-2014-3-PD-1050

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1 Banking, financial services, and insurance

Background and methodology of the research

Background of the research

The Latin American General and Administrative Outsourcing (GAO) market is currently in the adolescent stage, growing at nearly 1.5 times the global GAO market. Given the relatively fledgling nature of the market, the adoption trends, solution characteristics, and the service provider landscape of LATAM GAO are also different from the global GAO market rendering traditional approaches ineffective. The value proposition in Latin America is not driven by cost arbitrage, but by creating strong business and strategic impact. However, Latin America presents significant opportunity for value creation due to its rapid growth and potential. Buyers as well as service providers need to address inherent complexities to capture this value.

In this research, we analyze the LATAM GAO market across the following dimensions:

- Market overview and buyer adoption trends
- Value proposition and solution characteristics
- Service provider landscape

The scope and methodology of this report includes:

- Proprietary databases of 4,000+ multi-process FAO, PO, and HRO contracts including 400+ contracts with Latin America in scope
- Multi-process BPO contracts across FAO, HRO, and PO (General and Administrative outsourcing). Multi-process BPO contracts are defined as contracts with more than US$1 million in Annualized Contract Value (ACV), a term of over three years, and multiple processes in scope
- GAO services delivered to organizations (domestic and multinationals) with significant presence in Latin America. This report does not focus on service delivery from Latin America

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This report examines the Latin American BPO market across F&A, HR, and procurement. It focuses on the growth, contractual activity, and adoption trends in the market. The report also provides insights into the value proposition for Latin American outsourcing and the solution characteristics of Latin America-focused contracts. Service providers in Latin America are also analyzed by domain, functions, and buyer focus.

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

Market overview and buyer adoption trends

- The GAO market in LATAM is US$0.7-0.8 billion in size (<5% of the global GAO market) and growing at 15% CAGR
- While Brazil dominates the LATAM market from a geographical standpoint, FAO forms ~50% of the entire LATAM GAO from a functional perspective
- Manufacturing & Consumer Packaged Goods (CPG) are the largest industries in terms of adoption

Value proposition and solution characteristics

- Given its high language dependency, LATAM has limited arbitrage potential compared to the mature geographies such as United States and United Kingdom. Moreover, offshoring work from LATAM poses several unique risks
- The two key drivers for GAO in LATAM are speed-to-market and access to latest technology/global best practices

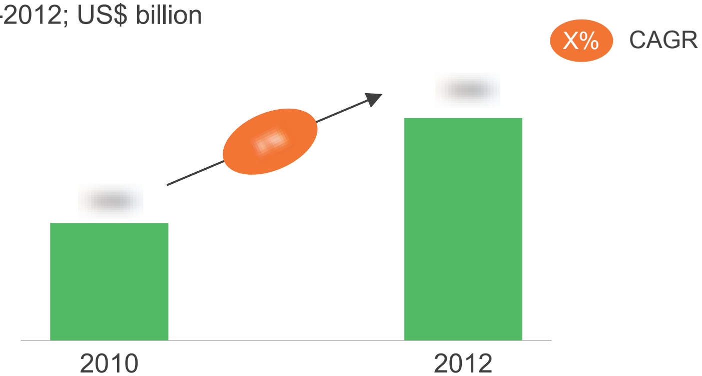
Overview and abbreviated summary of key messages
(page 2 of 2)

Value proposition and solution characteristic	● Technology plays a more invasive role in LATAM GAO contracts than more mature client geographies across F&A, HR, and procurement
Service provider landscape	● There are two sets of service providers in the LATAM GAO market – IT+BPO players and pure-play BPO providers. IT+BPO service providers dominate the market with over 75% market share ● The LATAM market is consolidated at the top and fragmented at the bottom – Top ten players hold over 85% of the BPO market in LATAM – IBM is the market leader with ~30% share followed by Accenture at ~20%

This study offers various analyses providing a deep dive into key aspects of the Latin America BPO market; below are four charts to illustrate the depth of the report

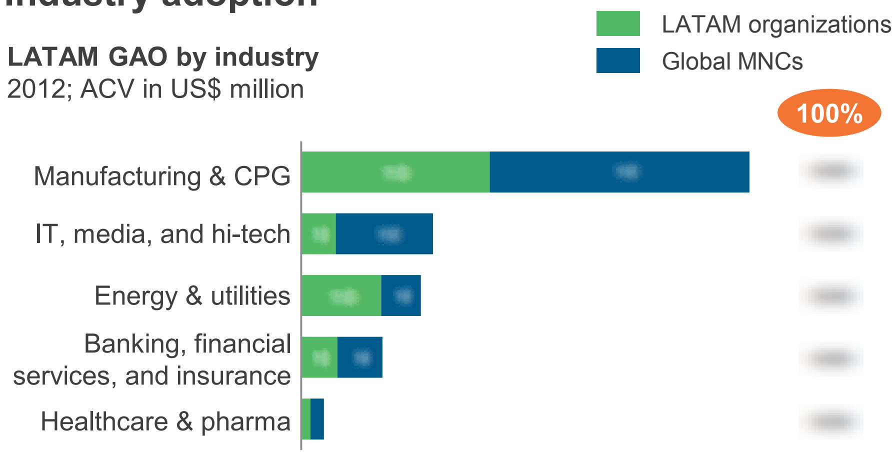
Size and growth

LATAM domestic GAO market – Size and growth
2010-2012; US$ billion

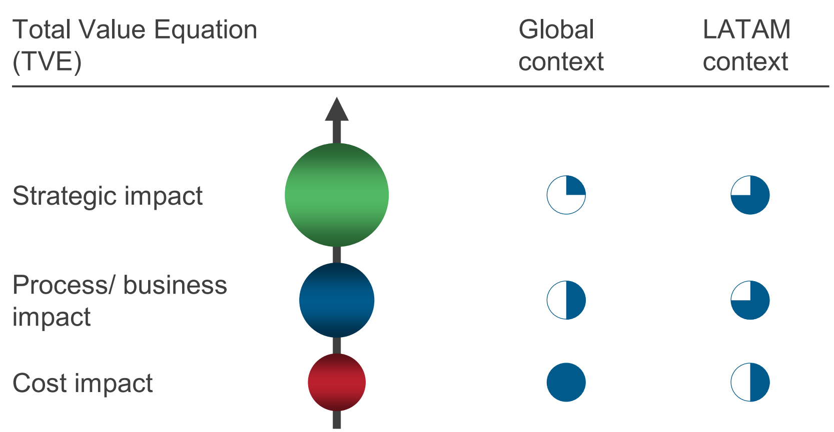


Industry adoption

LATAM GAO by industry
2012; ACV in US$ million

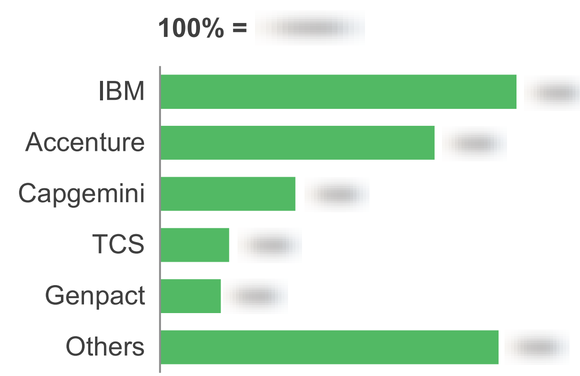


Value proposition



Service provider landscape

LATAM GAO service provider market share
2012; ACV in US$ million



Source: Everest Group (2014)

Everest Group RESEARCH

EGR-2014-3-PD-1050

BPO research calendar

Published | Current

Topic	Release date
FAO – Annual Report 2013: Increasing Market Maturity Driving Cost+ Value Proposition	April-2013
FAO – Service Provider Landscape with PEAK Matrix Assessment 2013	August-2013
FAO – Service Provider Compendium 2013	October-2013
PO – Annual Report 2013: Expertise and Technology Driving Growth	June-2013
PO – Service Provider Landscape with PEAK Matrix Assessment 2013	December-2013
PO – Service Provider Profile Compendium 2013	December-2013
MPHRO – Annual Report 2013: The Sun is Rising in the East	May-2013
MPHRO – Service Provider Landscape with PEAK Matrix Assessment 2013	August-2013
HRO – Service Provider Profile Compendium 2013	September-2013
Growth of BPO in Latin America across F&A, HR, and Procurement	February 2014
Finance and Accounting Outsourcing (FAO) – Annual Report 2014	Q1-2014
FAO – Service Provider Landscape with PEAK Matrix Assessment 2014	Q2-2014
FAO – Service Provider Compendium 2014	Q2-2014
PO – Annual Report 2014	Q1-2014
PO – Service Provider Landscape with PEAK Matrix Assessment 2014	Q2-2014
PO – Service Provider Profile Compendium 2014	Q2-2014
Benefits Administration Outsourcing (BAO) – Annual Report 2013	Q1-2014
Benefits Administration Outsourcing (BAO) – Service Provider Landscape with PEAK Matrix Assessment 2014	Q1-2014
Benefits Administration Outsourcing (BAO) – Service Provider Profile Compendium 2014	Q1-2014

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. **Finance and Accounting Outsourcing (FAO) - Annual Report 2013: Increasing Market Maturity Driving Cost+Value Proposition** (EGR-2013-1-R-0865a); 2013. This report assists key stakeholders (buyers, service providers, and technology providers) in understanding the changing dynamics of the FAO market. It also helps them identify the trends and outlook for 2013. The report provides comprehensive coverage of the global FAO market including detailed analysis of market size and growth, buyer adoption trends, FAO value proposition and client satisfaction, solution characteristics, and service provider landscape..

2. **Procurement Outsourcing (PO) - Annual Report 2013: Expertise and Technology Driving Growth** (EGR-2013-1-R-0889); 2013. The global multi-process Procurement Outsourcing (PO) market witnessed healthy growth of 10% in 2012, of which 60% can be attributed to inorganic growth. Buyers drew higher value from second and third generation PO engagements by augmenting traditional models such as increasing the depth and breadth of service coverage by new modes of scope expansion, including expansion into downstream F&A processes, and expansion into adjacent supply chain activities.

3. **Multi-Process Human Resources Outsourcing (MPHRO) - Annual Report 2013: The Sun is Rising in the East** (EGR-2013-3-R-0866); 2013. The Multi-Process Human Resource Outsourcing (MPHRO) market witnessed an uptake in new deal signings compared to the last two years, to reach an annualized spend of US$3.18 billion in 2012. This report provides comprehensive coverage of the MPHRO market and analyzes it across various dimensions such as market overview & key regional trends, buyer adoption & solution trends, and service provider landscape. It also provides predictions for the 2013 MPHRO market..

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

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