



Emergence of Western Europe for Centralized Global Service Delivery to Europe

Locations Insider™ (LI)

Market Report: July 2017 – Preview Deck

Our research offerings for global services

▶ Market Vista™

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

▶ Application Services

▶ BPS | Banking Financial Services

▶ BPS | Healthcare & Life Sciences

▶ BPS | Insurance

▶ Catalyst™

▶ Cloud & Infrastructure

▶ Contact Center

▶ Digital Services

▶ Engineering Services

▶ Finance & Accounting

▶ Human Resources

▶ ITS | BFSI*

▶ ITS | Healthcare & Life Sciences

▶ IT Services Forecaster™

▶ Locations Insider™

▶ PricePoint™

▶ Procurement

▶ Recruitment & Talent Acquisition

▶ Service Optimization Technologies

▶ Transaction Intelligence

Custom research capabilities

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

Subscription information

- This full report is included in the following subscription(s)
 - **Locations Insider™**
- 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**

* Banking, financial services, and insurance



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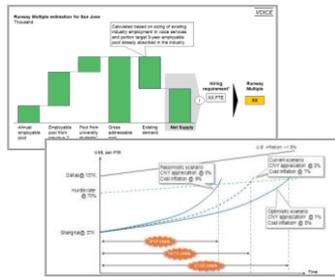
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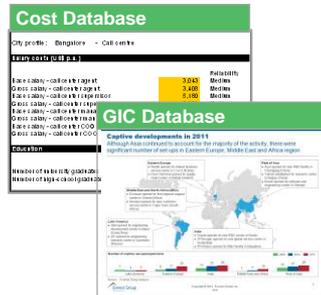
Our research methodology is based on four pillars of strength to produce actionable and insightful research for the industry

- Market thought leadership
- Actionable and insightful research
- Syndicated and custom research deliverables

1 Robust definitions and frameworks
(Location assessment, sustainability, and scalability)



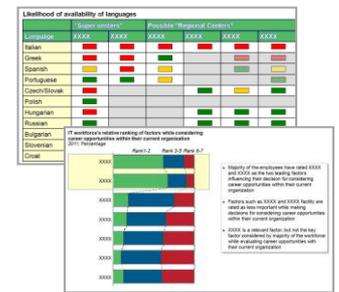
2 Proprietary databases
(Global in-house centers, service providers, market activity, cost/labor, and transaction intelligence)



3 Diverse set of market touchpoints
(Ongoing interactions across key stakeholders, input from a mix of perspectives, supports both data analysis and thought leadership)



4 Fact-based research
(Data-driven analysis with expert perspectives, trend analysis across market adoption, contracting, and service providers)



- A dedicated team for global sourcing research, comprehensively supporting all location-related requirements of clients (information, strategy, tracking, etc.)
- Comprehensive, year-round tracking of global sourcing activity across outsourcing transactions, locations, Global In-house Centers (GICs), and service providers
- More than 20 years' experience in advising clients on global sourcing decisions spanning strategy, optimization, and implementation
- Executive-level relationships with buyers, service providers, country/industry associations, and other industry stakeholders (e.g., recruiters, real estate firms, and legal firms)

Background and scope of the research

Background of the research

Locations in Western Europe (as defined on page 7) play a niche and critical role in the delivery of global services for both global and European enterprises, especially for their in-house delivery model (shared services centers / global in-house centers). Cultural affinity with source markets in Western Europe, time-zone similarity, large and mature talent pool, and a low-risk operating environment make these locations attractive for serving businesses based in European countries. This report takes a closer look at the current landscape of key locations in Western Europe being leveraged to support global services, relative value proposition of these locations, and potential impact of factors (such as regulatory changes, technology trends, and Brexit) on sourcing strategy of companies.

In this research, we analyze cities for onshore services delivery for global companies. The report is broadly divided into three sections:

- Market overview and trends for Western Europe as a source and delivery geography
 - This section highlights the current market size, growth, and trends
- Assessment of value proposition of leading Western European locations
 - This section provides facts and examples to illustrate the key value proposition offered by cities in Western Europe
- Key drivers for leverage of Western Europe; other trends
 - This sections provides insights around key drivers for leverage of locations in Western Europe. The section also highlights the key trends affecting the operationalization of a delivery center in Western Europe

The scope of the analysis includes

- Services – Information Technology (IT) services and banking back-office services
- Geography – Western Europe¹
- Global In-house Centers (GICs) and third-party service providers
- Analysis of value proposition of key cities in nearshore Europe: Berlin, Manchester, Dublin, Edinburgh, Glasgow, Cork, Belfast, Madrid, Barcelona, and Lisbon. The report also includes an assessment of London (Canary Wharf) as a reference location for the analysis

¹ Includes United Kingdom, Ireland, Germany, Netherlands, Belgium, Switzerland, Italy, Spain, Portugal, Austria, Sweden, Norway, Finland, Denmark, and France

Summary of key messages

The report provides an overview of Western Europe as a source/delivery geography, emerging trends, and value proposition of key locations for Information Technology (IT) / Business Process (BP) services. As companies look at increasing their presence in Western Europe, this report aims at helping companies make location selection decisions by providing an in-depth analysis on the value proposition offered by different locations.

Some findings in the report

Demand of global services from Western Europe

- Outsourcing demand from Western European firms has largely remained constant
- Significant growth in the new GIC setups by Western European firms
 - While Asia Pacific is the leading geography for new GIC setups, share of Western Europe is increasing

Western Europe as a delivery geography

- England and Ireland are leading locations for new GIC setups in Western Europe
- Majority of GICs are small-scale (<500 FTEs) with regional focus
- U.S.- and UK-based firms occupy a lion's share of overall GICs in Western Europe
- Several tier-2 locations in Western Europe are gaining acceptance as GIC locations, driven by their proximity to current operations, significant cost advantage, and moderate/high availability of experienced as well as entry-level talent

Location attributes

- Key locations for GIC setups in Western Europe include Berlin, Manchester, Dublin, Edinburgh, Glasgow, Cork, Belfast, Madrid, Barcelona, and Lisbon
- Key location attributes such as operating cost, entry-level talent, skills availability, market activity, language availability has been assessed for these locations to assist companies in location selection decisions

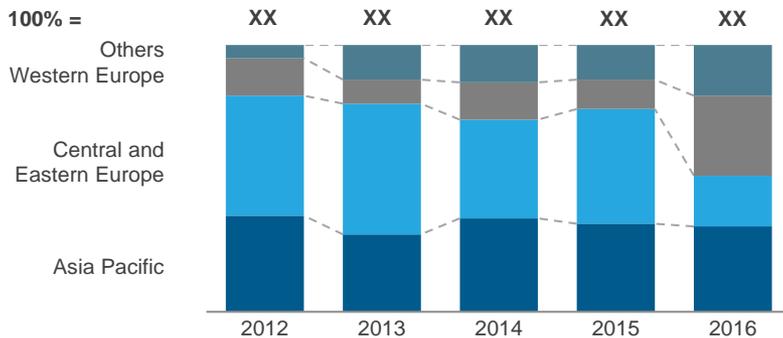
Key trends affecting operationalizing a GIC

- Enterprises setting up a center in Western Europe need to watch out for key trends including Brexit, digital adoption in IT/BP industry, and changing regulations (especially data transfer regulation in European Union)
 - Perspectives in implication of these trends has been provided in this report

The report provides insights on locations in Western Europe for global/regional delivery of global services

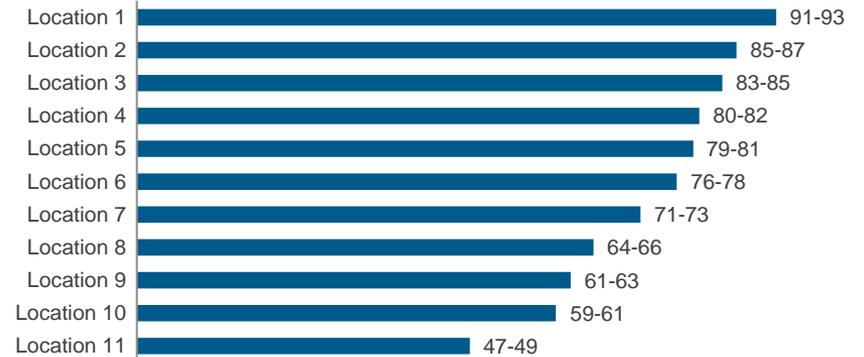
Increase in preference of European enterprises to set up new GICs in Western Europe

New GIC setups by enterprises headquartered in Western Europe by region
2012-2016; Number of centers

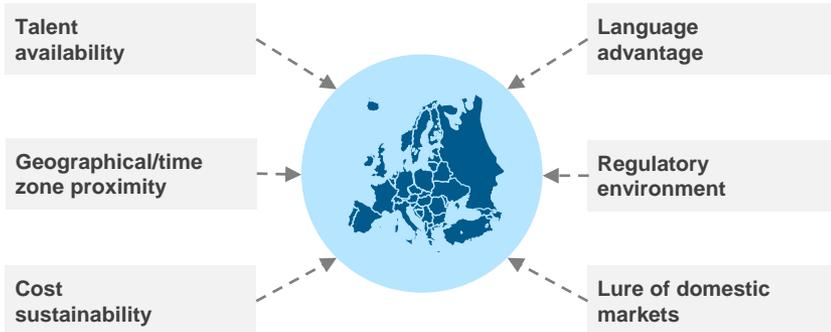


Operating cost

Operating cost r per FTE for IT services
2017; US\$ in '000s per annum



Value proposition for delivery of global services from Western Europe



Adoption trends for IT, non-voice BPS, and voice-based BPS

Prominent specializations Degree of adoption Low High

Location	Information Technology	Non-Voice BPS	Voice-based BPS
Location 1	Digital technologies	Manufacturing	Multilingual CC
Location 2			
Location 3	Mobile technology	BFSI	
Location 4	Financial technology		
Location 5	Analytics	Legal services	Multilingual CC
Location 6	Digital technologies		
Location 7			
Location 8			
Location 9	Analytics	Oil and Energy	
Location 10		Retail	

Locations Insider research calendar

■ Published ■ Current

Topic	Release date
Argentina Global Services Industry – Breaking Political Shackles?	January 2017
Determining Scalability Potential of a Location – Not as Easy as It Seems!!	January 2017
"Next-wave" Location Profiles – Belo Horizonte, Brazil	March 2017
The Road Ahead After Brexit: A Global Services Perspective on the Impact of the Change	March 2017
The Philippines IT-BPM Industry: Cautious Optimism in Turbulent Times	March 2017
"Next-wave" Location Profiles – Cavite, the Philippines	March 2017
IT Services Delivery from Asia Pacific	April 2017
"Next-wave" Location Profiles – Jamaica	June 2017
"Next-wave" Location Profiles – Bangladesh	June 2017
"Next-wave" Location Profiles – Pune, India	June 2017
Global Locations Annual Report	June 2017
Emergence of Western Europe for Centralized Service Delivery to Europe	July 2017
Implications of Automation on Talent Requirements and Talent Hotspots for Automation COEs	Q3 2017
Impact of Brexit on Contact Center Landscape in UK & Ireland	Q3 2017
"Next-wave" Location Profiles – Cork, Ireland	Q3 2017
Landscape of Locations Delivering Business Process Services to UK & Ireland	Q3 2017
Poland tier-2 Cities: Diverse Value Propositions for Service Delivery	Q3 2017
"Next-wave" Location Profiles: Krakow, Poland	Q3 2017

Additional research references

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

1. **Nearshore Europe Is IT! IT Services Riding The Nearshore Advantage** ([EGR-2015-2-R-1432](#)); 2015. In this report, Everest Group has analyzed Nearshore Europe as a destination for delivery of IT services. This report provides in-depth assessment of key cities in the region, focusing on talent pool, operating cost, market activity, and risk analysis
2. **Global Locations Annual Report 2016: Persistent Growth in Uncertain Times** ([EGR-2016-2-R-1957](#)); 2016. This report updates activity and key developments across global locations, including delivery center set-up and expansion activity, perceptions and plans of buyers and providers on locations, rankings of locations by function, risk watch, and profiles of cities witnessing significant activity
3. **Nearshore Europe Banking BPS Market:** ([EGR-2016-2-R-1897](#)); 2016. This report provides detailed insights about leading nearshore European locations for banking BPS delivery, covering aspects such as service portfolio, talent, cost, business & operating risk, and market maturity for banking BPS.

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