Everest Group
RESEARCH

Market Vista: Q2 2012 – Preview Deck

Global Sourcing (GS)

Everest Group
MARKET VISTA

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EGR-2012-8-PD-0716

Our research offerings for global services

Subscription information

- The full report is included in the following subscription(s)
  - Market Vista
- 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

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Table of contents

- **Product overview**
- **Illustrative contents**

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The increasing complexity of the outsourcing market has amplified the risk exposure for companies

Factors driving increased risk

Vendor and model proliferation Multiple service providers and business models

Large span of functions
Typically combination of many IT, BPO and some KPO services

Increasing scope
Significant proportion of operations now in low cost locations

Global delivery chain
Services often delivered from multiple locations with diverse risk footprint

Dynamic economies
Most delivery locations are emerging economies going through rapid change

Examples of risks

Regulatory risk
Ensuring compliance with regulatory guidelines in source and destination countries across service providers

Performance risk
Managing quality of service delivery, attrition, knowledge retention

Business case risk
Managing wage inflation without affecting quality of service

Data security and intellectual property risk
Implementing measures to safeguard data and intellectual property

Concentration risk

Business continuity risk

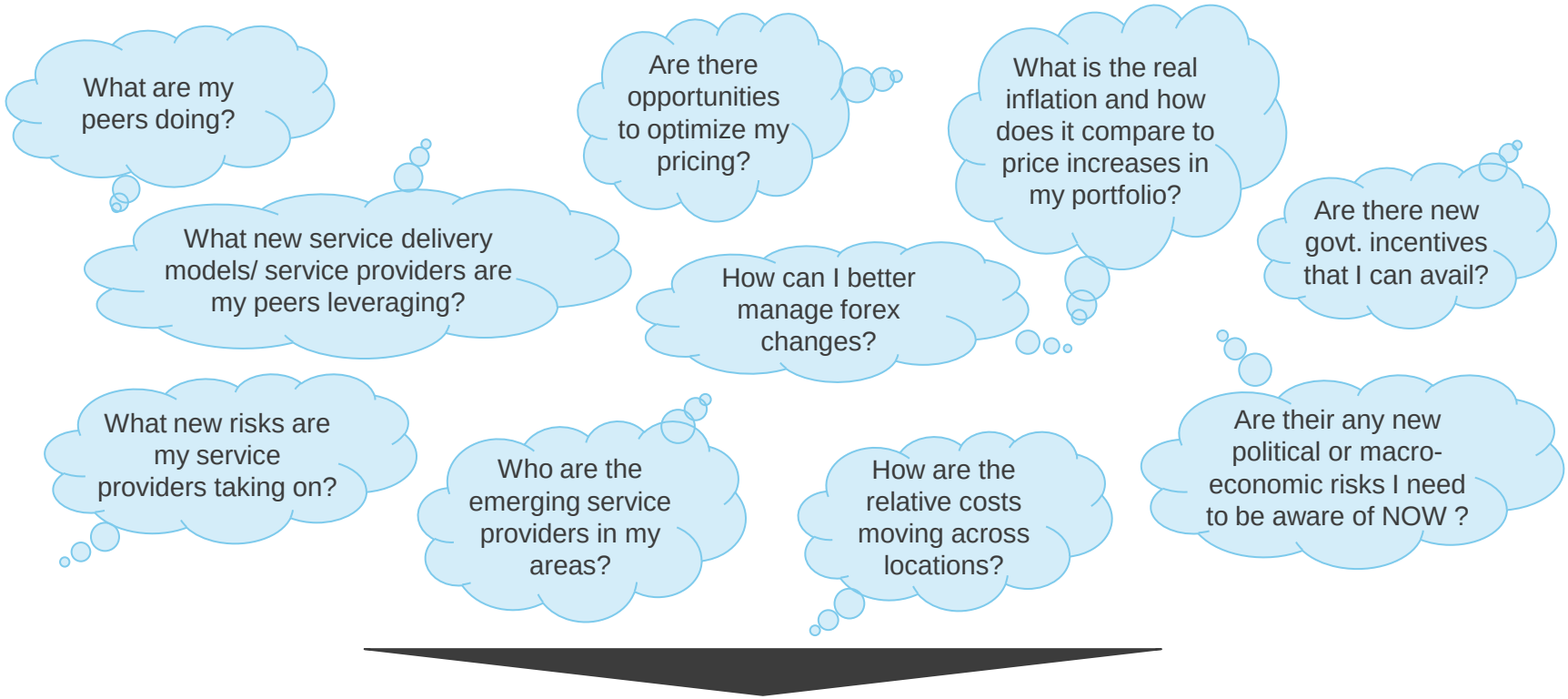
Currency risk

….

Most large companies have capabilities in global risk management. However, the level and type of risk exposure that is emerging from the globalization of services is unprecedented

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Sourcing leaders are being asked to manage risks associated with global sourcing and support the delivery of transformational results



Key decisions that Sourcing managers need to support

- Comparison with peers
- Location risk management
- service provider selection and optimization
- Design of new deals
- Price benchmarking and contract renewals

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Market Vista provides continuously updated facts and analysis every quarter to enable effective management of global services portfolios

Each quarterly Market Vista report captures developments across three key areas

1 Market overview

- Outsourcing transactions trends
  - Transaction analysis – By function, geography, deal size and duration, etc.
  - Transaction analysis by industry verticals (more details in Industry Trends reports)
  - Listing of major IT/BPO outsourcing deals
  - Large offshore deals
- Analysis of GICs
  - New GIC set-ups, divestures
  - Plans for GIC set-ups and expansion

2 Location trends and risks

- Key location developments
  - Establishment of new offshore centers, expansion of existing centers, plans of establishment and expansion of centers
- Risk dashboard capturing key current and emerging risks
  - Geo-political / economic changes
  - Government initiatives
- Quarterly focus – Fact-base on Latin American locations
  - Sustainability of arbitrage
  - Operating costs, inflation rates, and currency trends across key cities

3 Service provider developments

- Key developments among 20 leading global service providers
  - Financial performance
  - Transaction activity
  - Changes in delivery footprint
  - M&A and alliance activity
- Detailed profiles for each player capturing key developments across dimensions

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Additional Market Vista deliverables

Global Location Insights newsletter



4-6 published every year

- E-newsletter published every two months
- Recent topics included
  - Service providers' plans
  - China's offshore maturity
  - Buyer's offshoring plans
  - Buyers' and service providers' plans and perceptions

Breaking Viewpoints on key developments



8-10 published every year

- Event/theme based e-briefings
- Recent topics included
  - The Risky Side of Offshore Growth: Operational Challenges in the Top five Indian IT Majors
  - Perspective on M&A events (Atos-Siemens IT, iGate-Patni, Wipro-SAIC's Oil & Gas IT Business)

Market Vista Primers



4-5 published every year

- Published every quarter
- Recent topics included
  - Contact center service providers in Latin America
  - French language service providers in EMEA
  - Infrastructure Outsourcing (IO) services market

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- **Illustrative contents**

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Each section of the quarterly report comprises 30+ pages of insight and data

Illustrative Table of Contents (page 1 of 2)

Topic

Section I A: Trend analysis – Outsourcing, offshoring, and GICs

- Outsourcing transactions analysis
- Outsourcing transaction trends by time period
- Offshore transactions analysis
- GIC developments

Section I B: Data snapshots

- Major deals signed in the quarter
- List of mega deals signed in the quarter
- Examples of very large deals signed in the quarter
- Examples of large deals signed in the quarter
- Analysis of outsourcing transactions by buyer revenue
- List of new GIC announcements in the quarter
- List of GICs with announcements for expansion in the quarter
- List of GIC divestures in the quarter

Section II A: Trend analysis – Risk and opportunity dashboard and analysis

- Risk and opportunity dashboard
- Risk and opportunity analysis

Section II B: Focus geography

- Arbitrage sustainability
- Operating costs
- Operating cost inflation
- Currency trends

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Each section of the quarterly report comprises 30+ pages of insight and data

Illustrative Table of Contents (page 2 of 2)

Topic

Section II C: Data snapshots
- Market activity: Delivery centers established in the quarter
- Market activity: Delivery centers planned in the quarter
- Market activity: Expansion announcements in the quarter
- Regional developments: Geopolitical, macroeconomic environment
- Regional developments: Leading economic indicators
- Regional developments: Investment environment

Section III A: Trend analysis – Key developments across service providers
- Service provider developments overview
- Analysis of service provider developments

Section III B: Data snapshots – Details of key developments and profiles by service providers
- Recent M&A activity by service providers
- Recent alliances and partnerships forged by service providers
- Locations
- Key market developments

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Section I – Market section | Overview

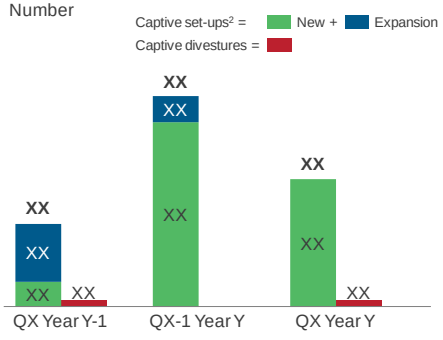
Captures outsourcing transactions trends, GIC developments with an emphasis on large size contracts

Market overview | Outsourcing/offshoring market index

Index of outsourcing transactions[1]
Number

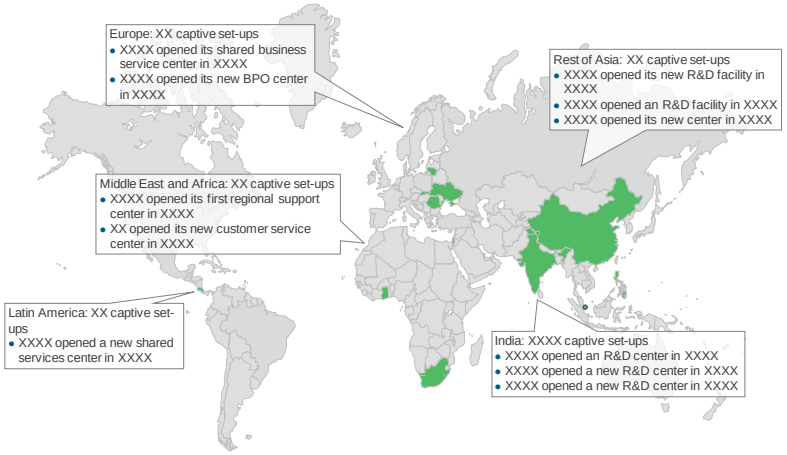


Index of offshore captive health[1]
Number



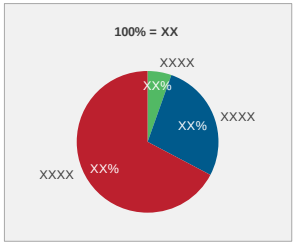
- Transaction volumes decreased by XX% compared to the previous quarter but increased by XX% compared to the previous year
- Captive activity remained similar compared to previous quarters, with XX new announcements

GIC set-ups | By region



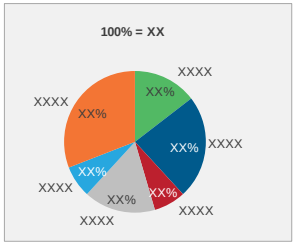
Major deals in the quarter

Distribution by deal size
Number of transactions



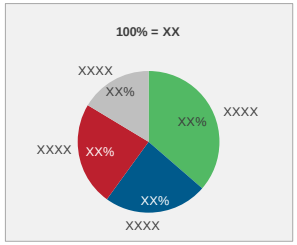
- There were XX major deals (total contract value exceeding US$XX million) reported in QX 20XX, compared to XX in QX 20XX
- XX mega deals (total contract value exceeding US$XX billion) were reported in QX, compared to XX in the previous quarter

Distribution by industry verticals
Number of transactions



- Apart from the XXXX sector, the XXXX and XXXX industry verticals accounted for around XX% of all major deals
- XXXX, XXXX, and XXXX industry verticals reported mega deals

Distribution by source geography
Number of transactions



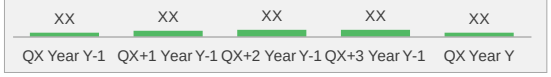
- XXXX and XXXX accounted for ~XX% of the major deals signed in the quarter
- XXXX and XXXX also reported some major deals in this quarter

The following pages provide details for mega deals (TCV>US$1 billion), very large deals (TCV - US$200-999 million), and large deals (TCV - US$50-199 million)

List of mega deals signed in the quarter

Three-quarter moving average[2]

Mega deals (TCV >= US$1 billion)
Number



List of mega deals signed

Buyer	Industry vertical	Service provider	Deal value (US$ million)	Contract duration	Functional scope	S
Buyer 1	XXXX	XXXX	XXXX	XXXX	ITO	
Buyer 2	XXXX	XXXX	XXXX	XXXX		
Buyer 3	XXXX	XXXX	XXXX	XXXX		

Includes over 15 pages of data tables across transactions, GICs and financial services

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Outsourcing transactions analysis | By deal type

Profiles the share of renewed/restructured deals compared to the previous quarter and the same quarter of the previous year

Number of transactions by type

Number of transactions



Major outsourcing transactions reaching the end of their contract duration over the next few months

Buyer	Service provider	Function scope
Buyer 1	XXXX	XXXX
Buyer 2	XXXX	XXXX
Buyer 3	XXXX	XXXX
Buyer 4	XXXX	XXXX
Buyer 5	XXXX	XXXX

1 Instances where the scope of existing contract was extended or expanded

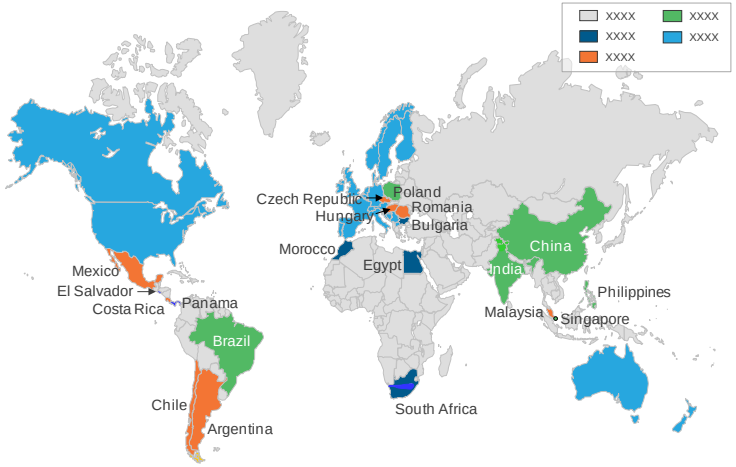
Source: Everest Group Transaction Intelligence Database

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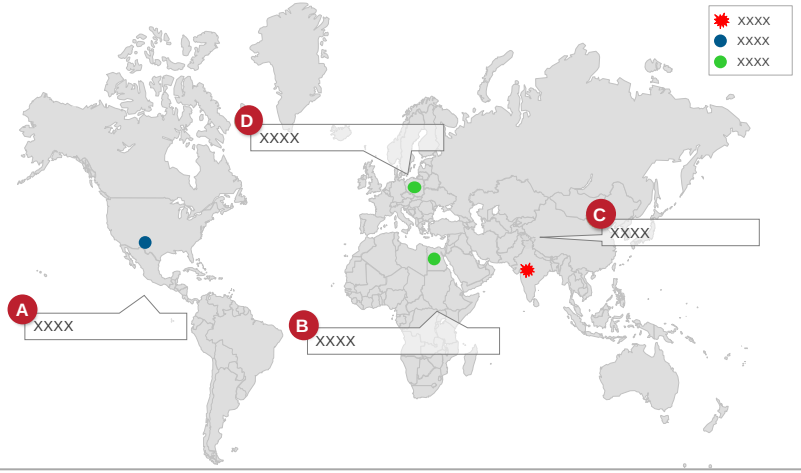
Section II – Locations section | Overview

Key developments and emerging risks and opportunities across locations

Locations | Market activity heatmap



Locations | Risk and opportunity dashboard



Locations | Focus geography

Operating cost per FTE for IT services
US$'000s/per annum



Operating cost per FTE for BPO services
US$'000s/per annum



Locations | Market activity data

Asia

Country	City	Month	Service provider/ captive	Number of FTEs	Other comments
China	XXXX	XXXX	XXXX	XXXX	XXXX
China	XXXX	XXXX	XXXX	XXXX	XXXX
China	XXXX	XXXX	XXXX	XXXX	XXXX
India	XXXX	XXXX	XXXX	XXXX	XXXX
India	XXXX	XXXX	XXXX	XXXX	
India	XXXX	XXXX	XXXX	XXXX	
India	XXXX	XXXX	XXXX	XXXX	

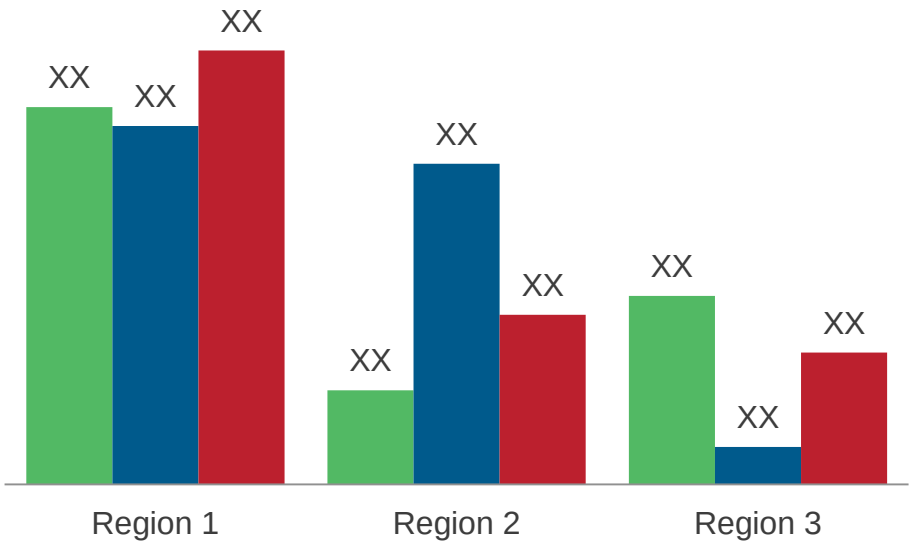
Includes over 20 pages of data tables on market activity, costs, wage inflation, etc.

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Locations | Market activity index

Analyzes trends in activity across regions; also compares activity in Tier-1 cities and Tier-2/3 cities

Market activity across geographies
Number of service delivery centers set up



Market activity across Tier-1 and Tier-2/3 locations
Number of service delivery centers set up



- XX delivery centers were set up during the quarter, XXXX than previous quarter
- Although location activity increased significantly in XXXX and XXXX, the number of delivery centers established in XXXX decreased to a XX-month low
- Though players set up centers in both Tier-1 and Tier-2/3 locations, there was XXXX activity in tier-XX locations

Source: Everest Group analysis

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Section II – Locations section | Illustrative output

Each quarterly report will cover a deep-dive on a specific geography/ theme

Locations | Focus geography

Projected sustainability of labor arbitrage
Number of years

ITO SERVICES

Source/destination countries	Base scenario – Most probable operating cost inflation and currency appreciation	Pessimistic scenario – higher operating cost inflation and currency appreciation	Optimistic scenario – Lower operating cost inflation and currency appreciation
U.S.-XXXX	XX	XX	XX
U.S.-XXXX	XX	XX	XX
U.S.-XXXX	XX	XX	XX

BPO SERVICES

Source/destination countries	Base scenario – Most probable operating cost inflation and currency appreciation	Pessimistic scenario – higher operating cost inflation and currency appreciation	Optimistic scenario – Lower operating cost inflation and currency appreciation
U.S.-XXXX	XX	XX	XX
U.S.-XXXX	XX	XX	XX
U.S.-XXXX	XX	XX	XX

Locations | Regional developments

Region	Key developments
Asia	• China – – XXXX – XXXX – XXXX • India – – XXXX – XXXX – XXXX • Thailand – – XXXX – XXXX
Eastern Europe	• Estonia – – XXXX • Hungary – – XXXX • Poland – – XXXX – XXXX

Locations | Regional developments

Region	Key developments
Asia	• Sri Lanka – – XXXX – XXXX • India – – XXXX – XXXX
Africa	• Egypt – – XXXX – XXXX – XXXX – XXXX

Locations | Focus geography

Annual change in real estate rentals (grade A)
Percentage



Includes a deep-dive on Asia covering costs, inflation, currency trends, etc.

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Section III – Service provider developments | Overview

Profiles developments across 20 leading service providers, highlighting key implications for sourcing managers

Service provider developments analysis | Transaction activity

Transaction announcements activity in QX Year Y and trend over QX-1 Year Y

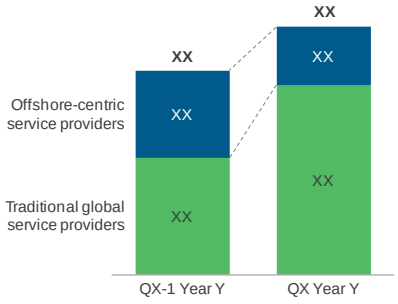
Service provider	ITO deals		BPO deals		Both ITO & BPO	
	Number	Trend	Number	Trend	Number	Trend
High activity						
Service provider 1	XX	●	XX	●	XX	●
Service provider 2	XX	●	XX	●	XX	●
Service provider 3	XX	●	XX	●	XX	●
Service provider 4	XX	●	XX	●	XX	●
Service provider 5	XX	●	XX	●	XX	●
Service provider 6	XX	●	XX	●	XX	●
Service provider 7	XX	●	XX	●	XX	●
Moderate activity						
Service provider 8	XX	●	XX	●	XX	●
Service provider 9	XX	●	XX	●	XX	●
Service provider 10	XX	●	XX	●	XX	●
Service provider 11	XX	●	XX	●	XX	●
Service provider 12	XX	●	XX	●	XX	●
Service provider 13	XX	●	XX	●	XX	●
Service provider 14	XX	●	XX	●	XX	●
Service provider 15	XX	●	XX	●	XX	●
Service provider 16	XX	●	XX	●	XX	●
Service provider 17	XX	●	XX	●	XX	●
Low activity						
Service provider 18	XX	●	XX	●	XX	●
Service provider 19	XX	●	XX	●	XX	●
Service provider 20	XX	●	XX	●	XX	●

● Increased from last quarter
● Similar to last quarter
● Decreased from last quarter

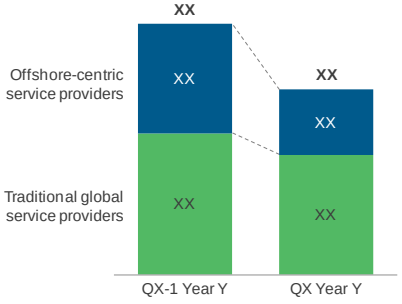
- XXXX
- XXXX
- XXXX
- XXXX

Service provider developments analysis | M&A and alliances

M&A by service provider category
Number of acquisitions



Alliances by service provider category
Number of alliances



- XXXX
- XXXX

Service provider developments | Market Vista Index of service providers

Traditional global service providers

accenture, ACS A xerox Company, Atos, Capgemini, CONVERGYS, CSC, DELL Services, AON Hewitt, hp, IBM, UNISYS

Offshore-centric service providers

Cognizant, EXL, GENPACT, HCL, Infosys, Mahindra Satyam, Tech Mahindra, TATA CONSULTANCY SERVICES, WIPRO, WNS

This section focuses on the key developments of the above service providers across financial performance, recent transactions, major developments in location footprint, mergers, acquisitions, and alliance activity

Key market developments

Recent transaction activity

Buyer name	Announcement date	TCV estimate (US$ million)	Duration (years)	Services
Buyer 1	XXXX	XXXX	XXXX	AO, FAO, and HRO
Buyer 2	XXXX	XXXX	XXXX	AO
Buyer 3	XXXX	XXXX	XXXX	AO
Buyer 4	XXXX	XXXX	XXXX	AO
Buyer 5	XXXX	XXXX	XXXX	AO
Buyer 6	XXXX	XXXX	XXXX	AO
Buyer 7	XXXX	XXXX	XXXX	AO and FAO
Buyer 8	XXXX	XXXX	XXXX	IO
Buyer 9	XXXX	XXXX	XXXX	AO
Buyer 10	XXXX	XXXX	XXXX	CC and industry-specific
Buyer 11	XXXX	XXXX		

Location footprint

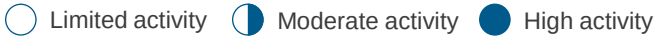
Location	Status	Employees	Description
XXXX	New center (Planned)	XXXX	• XXXX • XXXX
XXXX	New center (Planned)	XXXX	• XXXX • XXXX

Includes over 40 pages of data tables on M&A, new delivery centers, management changes, etc.

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Service provider developments analysis | Ratings summary



Service provider	New deals	Location changes	M&A and alliance activity	Overall rating
Traditional global service providers				
Service provider 1	○	○	◑	○
Service provider 2	●	◑	●	●
Service provider 3	○	○	●	◑
Service provider 4	◑	○	◑	◑
Service provider 5	●	●	●	●
Service provider 6	○	●	○	◑
Service provider 7	●	○	●	◑
Service provider 8	◑	●	●	●
Service provider 9	●	●	◑	●
Service provider 10	●	●	●	●
Service provider 11	◑	○	◑	◑

Service provider	New deals	Location changes	M&A and alliance activity	Overall rating
Offshore-centric service providers				
Service provider 12	◑	○	●	◑
Service provider 13	○	○	○	○
Service provider 14	◑	◑	●	◑
Service provider 15	●	●	◑	●
Service provider 16	●	○	○	◑
Service provider 17	◑	◑	◑	◑
Service provider 18	◑	●	●	●
Service provider 19	◑	◑	◑	◑
Service provider 20	◑	○	○	○

Source: Everest Group (2011)

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Market Vista encompasses a suite of offerings

Multiple delivery formats allow Global Sourcing Managers to access information in a way that supports the decision-making process

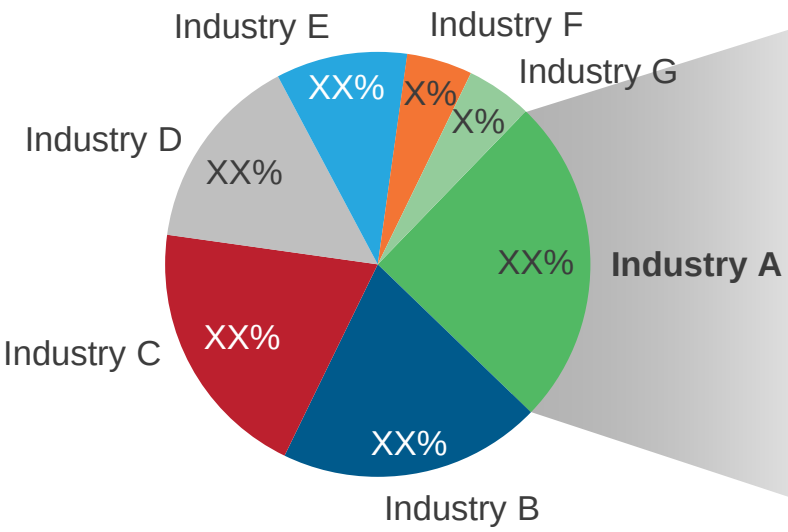
Market Vista offering	Description	Standard subscription access (annual)	Premium subscription access (annual)
Quarterly Report	Quarterly report with in-depth coverage of transaction, location, and service provider trends	✓	✓
Primer	Quarterly brief of expert perspectives on emerging market trends (e.g., new pricing models)	✓	✓
Location database	Annually updated database of location stats (e.g., cost, attrition, inflation rates) for 23 major cities	✓	✓
Breaking viewpoint	Flash reports highlighting breaking industry news and expert perspectives on key implications	✓	✓
Locations insights e-newsletter	Bi-monthly Global Location Insights e-newsletter containing detailed country and region info	✓	✓
Exclusive webinars	Exclusive quarterly webinars with stakeholders in the subscriber organization on key market trends and developments highlighted in Market Vista research		✓
Analyst consultation	10 hours of analyst access per year for personalized insights and additional perspectives		✓

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Industry trends complement the Market Vista suite through quarterly reports focused on industry specific global sourcing data, developments and insights

Outsourcing activity by industry



Industry trends: Coverage

A **Outsourcing transaction trends**

B **GIC market analysis**

C **Service provider activity and deal information**

20+ pages report for each industry every quarter

Industries tracked

- Banking, Financial Services, and Insurance (BFSI)
- Manufacturing, Distribution, and Retail (MDR)
- Energy and Utilities (E&U)
- Healthcare
- Technology
- Telecom
- Public Sector
- Transportation and Logistics

Offering summary

- Quarterly research reports covering key sourcing-related data, developments and insights in a specific industry
- Helps contextualize key decisions within an industry

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Appendix: Additional research recommendations

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

1. **Market Vista: Q1 2012** (EGR-2012-8-R-0685); 2012. This report summarizes the key trends and developments for Q1 2012 in the global offshoring and outsourcing market

2. **"De-mythifying" Location Selection - Realities Behind 5 Common Myths of Location Selection** (EGR-2012-2-R-0723); 2012. This report explores five common location myths that we have often observed as part of our work with leading companies. The document describes these myths in detail as well as the on-the-ground market reality and experience of companies in location decisions

3. **Industry Trends reports:** Trends for Q1 2012. These reports provide industry-specific data, developments, and insights that enable global sourcing managers to navigate through the complexity, and make clear, effective decisions, contextualized and suited to their specific industry. These reports provides a deep-dive into the transaction activity, GIC developments, service provider market share, and key outsourcing transactions specific to the industry. Industries covered include: Banking, Financial Services, and Insurance (BFSI); Manufacturing, Distribution, and Retail (MDR); Energy and Utilities (E&U); Healthcare; Technology; Telecom; Public Sector; and Transportation and Logistics

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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.

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