



Overview of Key Developments in Q4 2012

Market Vista: Industry Trends – Preview Deck

Everest Group

MARKET VISTA

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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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- **Product overview**
- Illustrative contents

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

Business case risk

Managing wage inflation without affecting quality of service

Performance risk

Managing quality of service delivery, attrition, knowledge retention

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

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

Market Vista enables effective decision-making

Global Sourcing Managers need research, analysis, and insight to demystify the market and direct clear, impactful decisions

Overall sourcing market

- Detailed analysis of trends by industry vertical and geography
- Report of transaction volume, size, and momentum
- Perspective on events with significant industry impact (e.g., M&A)
- Implications of regulatory changes



Service provider landscape

- Updates on service provider market share, capabilities, and performance
- Service provider profiles, including data on:
 - Transactions
 - Location footprint
 - M&A activity



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Location data and dynamics

- Data on market activity in key offshore geographies
 - Political
 - Macroeconomic
 - Promotion incentives
- Trends in wage inflation, attrition, and arbitrage



Processes and models

- Process-level trends
- **Global In-house Center (GIC)** set-ups, divestures, and overall trends
- Fact-based insights on adoption of emerging pricing models
- Data and perspectives on new opportunity areas



Quarterly report

Primer

Location database

Breaking viewpoint

Location insights e-newsletter

Service provider capability profiles

Industry trends

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

Each quarterly Industry Trends report captures developments across three key areas

1

Outsourcing transactions

- Outsourcing transactions trends
 - Industry-specific transaction growth
 - Comparison with overall market growth
- Transaction analysis
 - By function, geography, and subvertical
 - By processes and subprocesses
 - By new deals and restructured/renewed deals

2

GIC market analysis

- Industry-specific GIC announcements
 - GIC set-up and expansion
 - GIC announcement details
- Notable GIC divestures with details

3

Service provider activity and deals

- Key developments amongst service providers
 - Transaction activity
 - Share of service providers
- Significant outsourcing deals signed by leading companies
 - Listing of major BPO/IT outsourcing deals

Trends reports complement Market Vista quarterly reports by providing in-depth coverage of global sourcing across industry verticals and regions



Market Vista Buyer Geography Trends reports

Regions tracked

- United States and Canada
- Europe
- Rest of the World (RoW), including Asia Pacific (APAC), Latin America (LATAM), and Middle East & Africa (MEA)

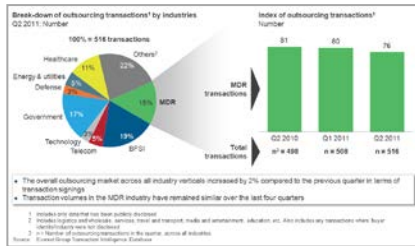
Market Vista Industry Trends reports

Industries tracked

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

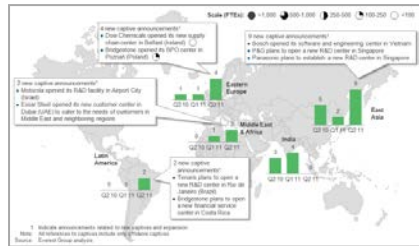
30+ pages of analysis on each industry vertical/region every quarter

Outsourcing transaction activity



- Trends in transaction volumes, contract values, and momentum
- Events with industry impact

GIC set-up and expansion activity



- GIC set-ups, expansions, and divestures
- Analysis of buyers, locations, and scope of work offshored

Processes and models

Client quarter (Q2 to present)	Previous year (Q2 to present)	Q2 2011 Frequency of occurrence	Change in number of ITD transactions by process
Application development	111	472	↑
Application maintenance	90	145	↑
Systems integration	27	307	↑
Disaster	51	253	↑
Network	81	333	↑
Desktop	34	130	↓
Helpdesk	27	138	↑

Legend: ↓ Decreased last quarter, ↔ Similar to last quarter, ↑ Increased last quarter

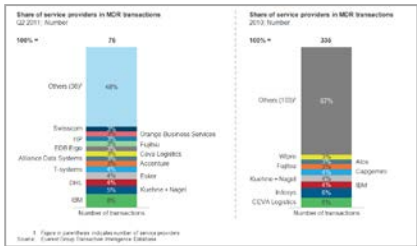
• Transaction activity was higher among IT-ADM processes than IT-operations

• Adoption of ITD processes in Q2 2011 was similar to that in 2010 (yearly average)

• Adoption of Desktop process declined compared to the previous quarter

- Process-level and subprocess-level transaction trends
- Emerging opportunity areas

Service provider trends and developments



- Service provider performance (transactions, market shares)
- Significant deals signed by leading enterprises

Industry trends comprise of four quarterly reports for each of the eight key industries comprising majority of the global sourcing industry

Key subverticals covered (illustrative)

1 Banking, Financial Services, and Insurance (BFSI)

- Banking
- Insurance
- Other financial services

2 Manufacturing, Distribution, and Retail (MDR)

- Automotives and auto-components
- Consumer packaged goods
- Heavy and light manufacturing
- Retail, distribution, and logistics

3 Energy and Utilities (E&U)

- Oil and gas
- Petro-chemicals
- Utilities

4 Healthcare

- Pharmaceutical and Life sciences
- Healthcare payers
- Healthcare providers

Key subverticals covered (illustrative)

5 Technology

- Software – products and R&D
- Semiconductors
- Computer hardware and peripherals

6 Telecom

- Telecom service providers and manufacturers
- Telecom networks

7 Public Sector

- Government sector
- Defence sector

8 Travel and Hospitality

- Travel
- Hospitality

20+ pages in each industry trends report

Quarterly industry trends reports for each industry

32 industry trends reports across eight industries in a year

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- Product overview
- **Illustrative contents**

Each Industry Trends quarterly report comprises 20+ pages of insight and data

Illustrative Table of Contents

Topic

Section I: Outsourcing transaction trends

- Outsourcing transactions overview
- Break-up of industry specific transactions by function
- Break-up of industry specific transactions by processes and subprocesses
- Transaction renewal/restructuring activity

Section II: GIC analysis

- GIC market analysis overview
- GIC market analysis by geography

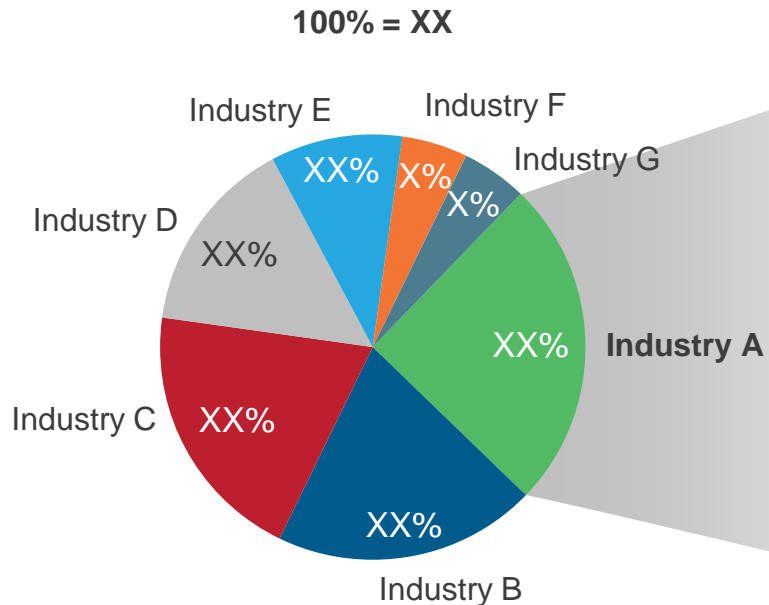
Section III: Service provider activity and deal information

- Share of service providers in total transaction activity
- Notable deals signed by service providers
- Major outsourcing-related developments across leading companies

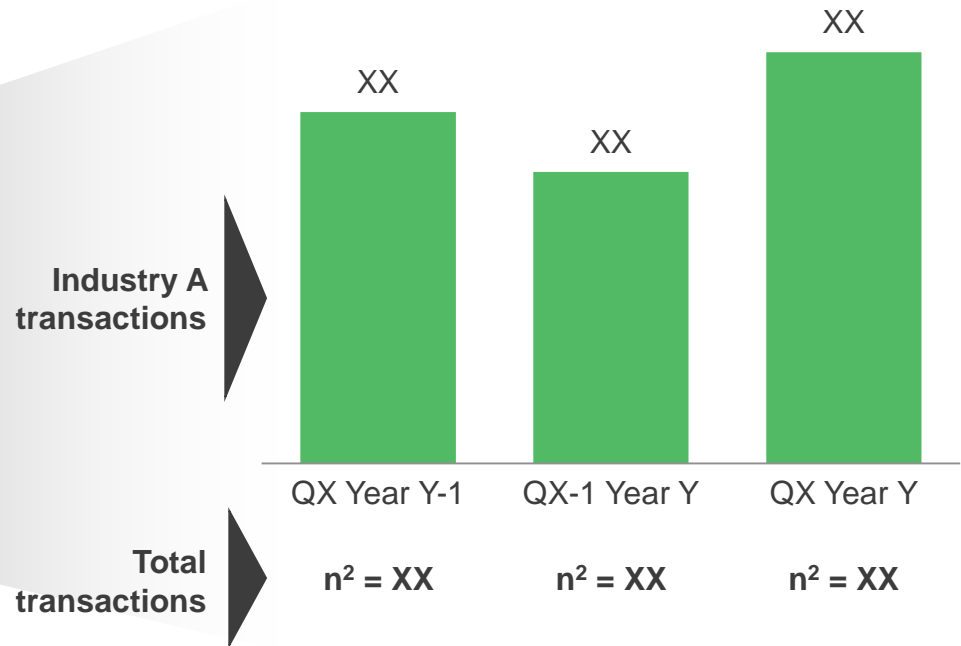
Section I: Outsourcing transaction trends

Industry A accounted for XX% of total reported outsourcing transactions in QX Year Y with volumes increasing compared to XX

Break-up of outsourcing transactions by industries
QX Year Y; Number of transaction



Index of outsourcing transactions¹
Number



- The overall outsourcing market XXXX by XX % in QX Year Y compared to XXXX
- During the same period, transaction volumes in Industry A increased by XX%

¹ Includes only data that has been publicly disclosed

² n = Number of outsourcing transactions in the quarter, across all industries

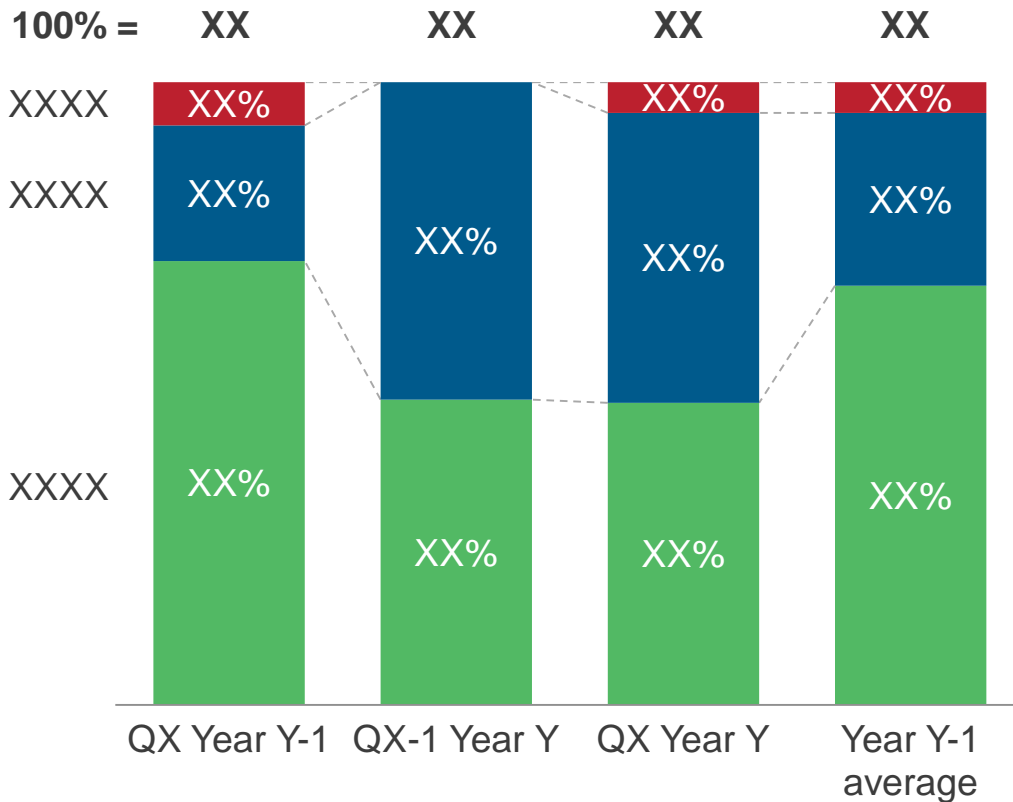
Source: Everest Group Transaction Intelligence Database

Section I: Outsourcing transaction trends

Transaction volumes XXXX across both ITO and BPO functions

Break-up of industry specific transactions by function

Number of transaction



- ITO transactions in the XX industry XX by XX% compared to XXXX
- During the same period, BPO transactions registered XXXX
- XX contracts were signed having components of both BPO and ITO, compared to XX in the previous quarter

Source: Everest Group Transaction Intelligence Database

Section I: Outsourcing transaction trends

Higher outsourcing adoption in XXXX, XXXX, and XXXX

 Decreased
  Similar
  Increased

Industry A ITO by process¹

QX Year Y; Frequency of occurrence

Total = XX

Industry A ITO by process¹

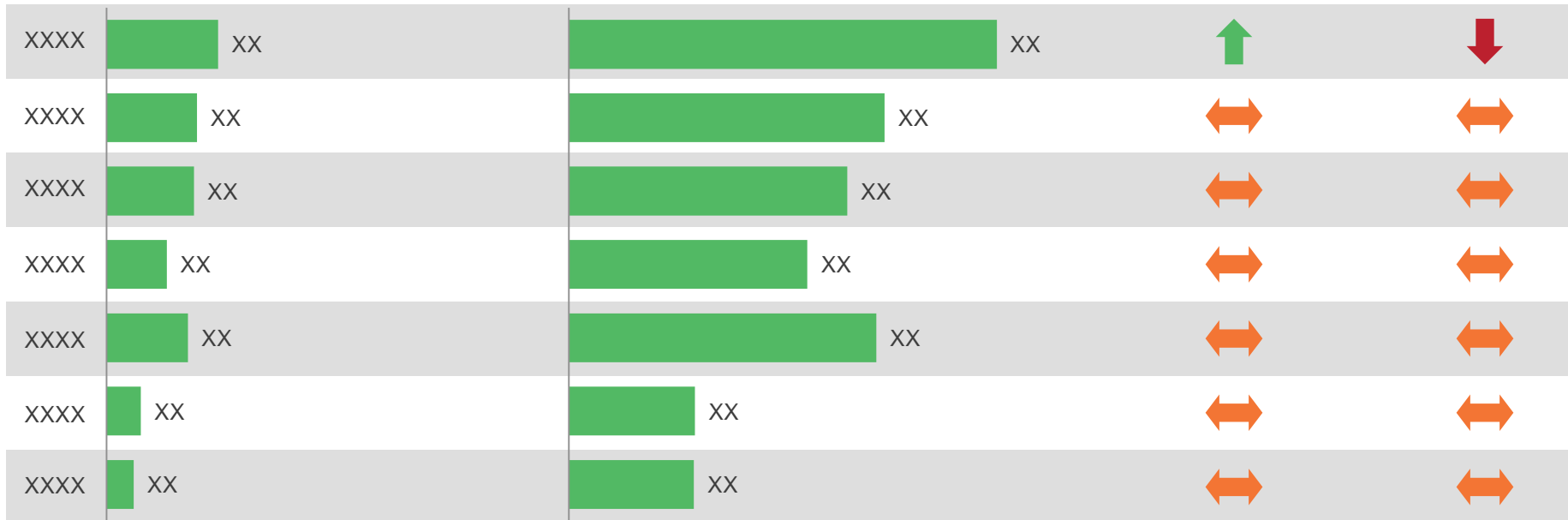
Year Y-1; Frequency of occurrence

Total = XX

Change in number of ITO transactions, by process¹

QX Year Y-1 to
QX Year Y

QX-1 Year Y to
QX Year Y



- There is significant adoption of XXXX with about XX% deals having this component
- Except for XXXX, activity in all other ITO functions was similar to previous quarter and last year

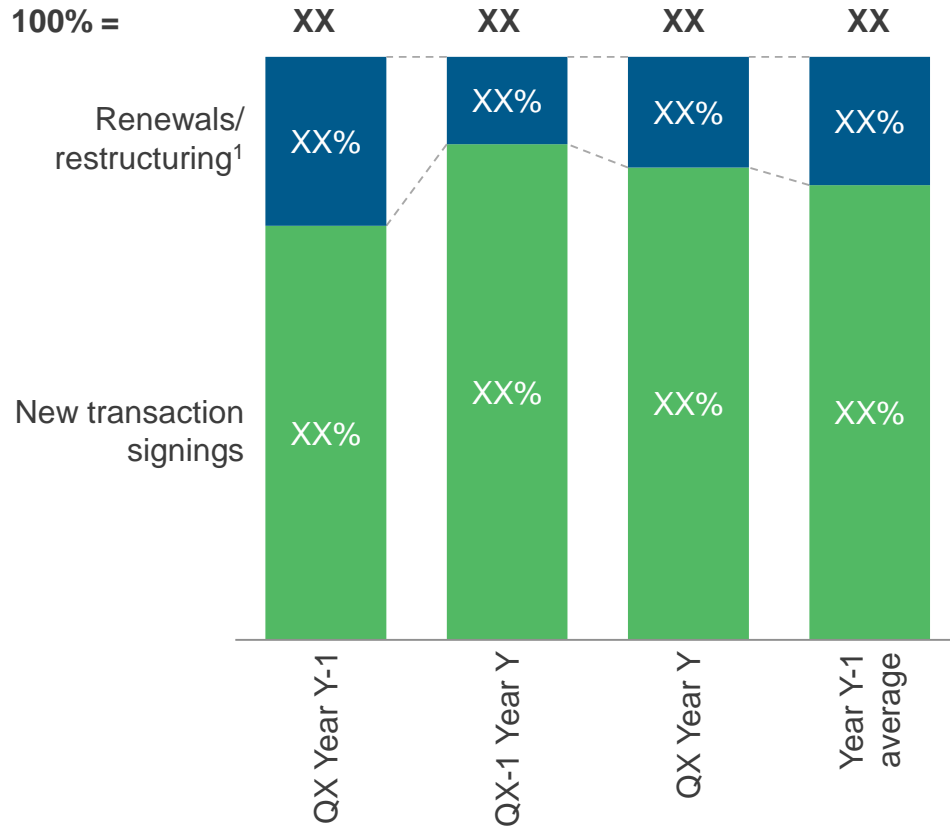
¹ Includes IT transactions that have a BPO component

Source: Everest Group Transaction Intelligence Database

Section I: Outsourcing transaction trends

XX% of transactions were new transactions signed in QX Year Y

XX industry transactions by contract type
Number of transaction



ITO AND BPO TRANSACTIONS

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

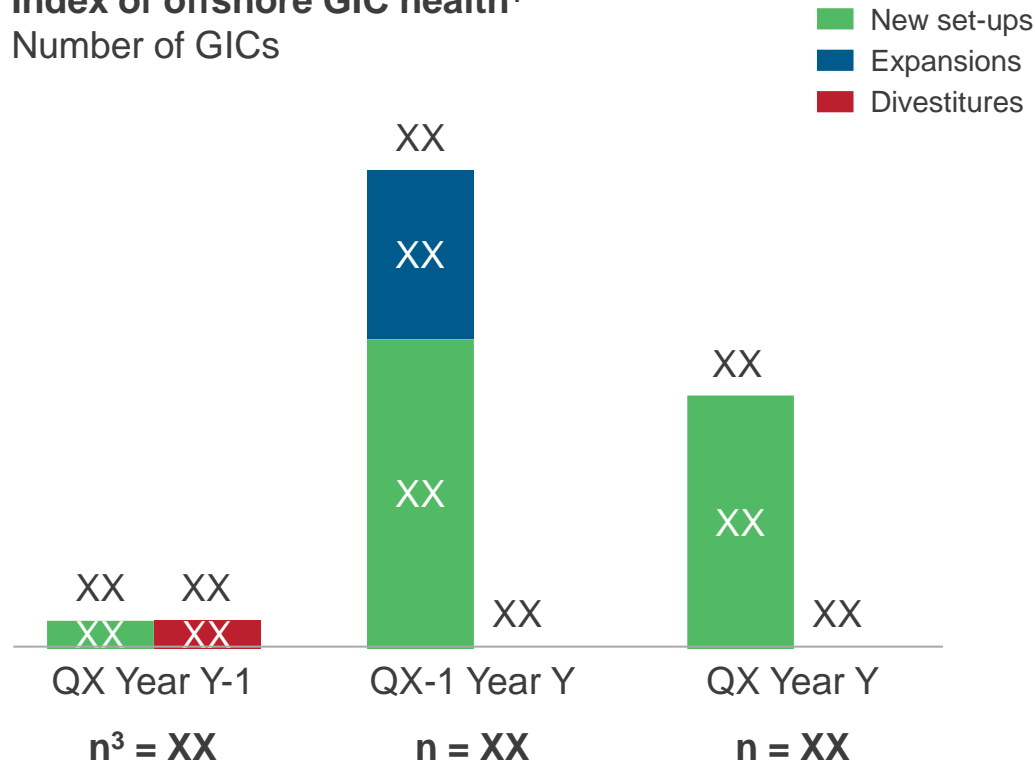
Buyer	Service provider	Function scope
Buyer 1	Service provider 1	XX
Buyer 2	Service provider 2	XX
Buyer 3	Service provider 3	XX
Buyer 4	Service provider 4	XX
Buyer 5	Service provider 5	XX

¹ Refers to contracts where the scope of existing contract was extended or expanded
Source: Everest Group Transaction Intelligence Database

Section II: GIC market analysis

Overall number of GIC announcements in QX Year Y witnessed an XXXX compared to the previous quarter

Index of offshore GIC health¹ Number of GICs



- There were XX new GIC announcements in the quarter
- Some well-known companies that made GIC announcements included XX, YY, and ZZ
- XX GIC divestitures were announced in this quarter

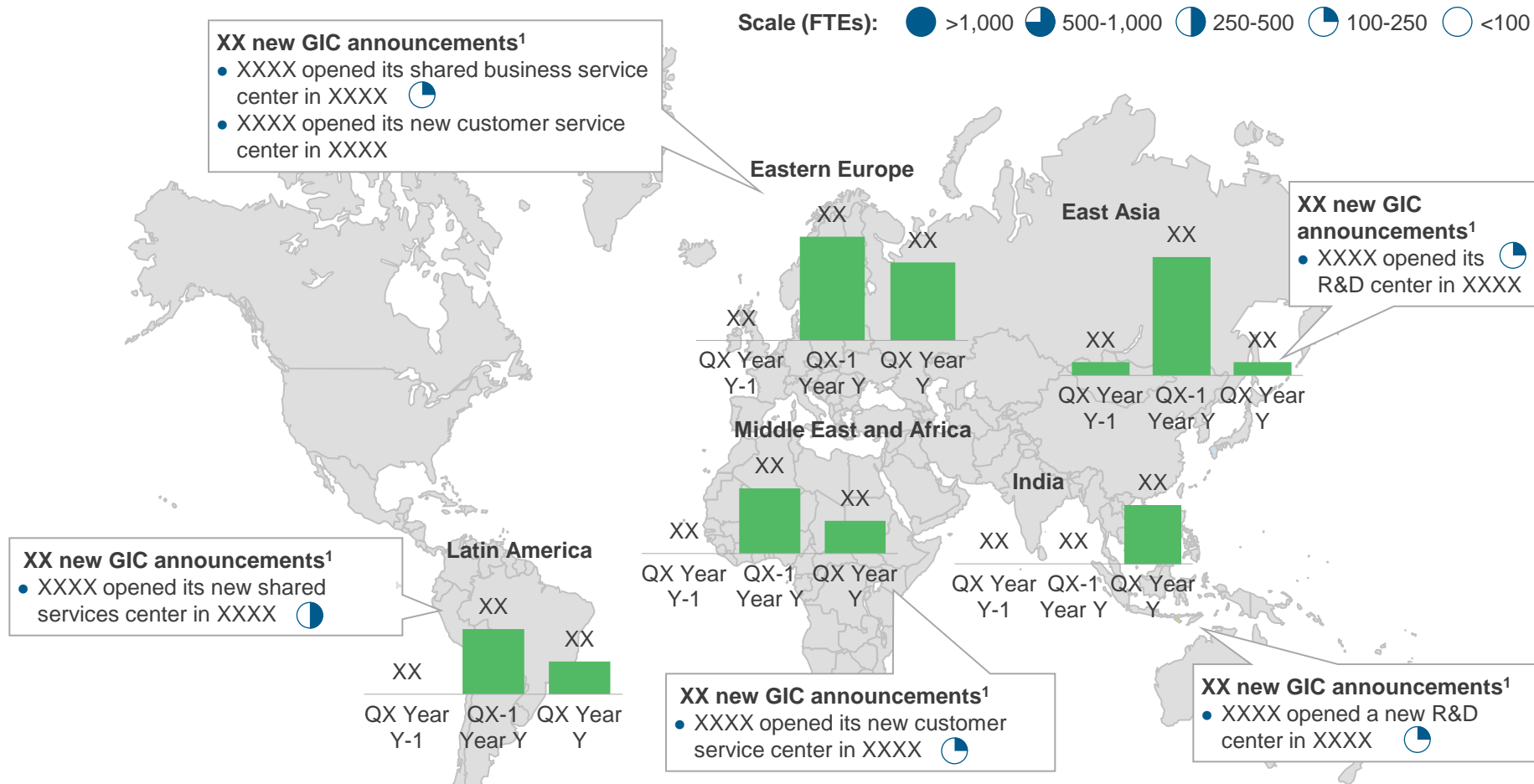
¹ Includes only data that has been publicly disclosed

² n = Number of GIC announcements in the quarter, across all industries

Source: Everest Group (2012)

GIC set-ups¹ | By region

GIC activity was concentrated in XXXX and XXXX



¹ Indicates announcements related to actual GICs set-ups and expansion

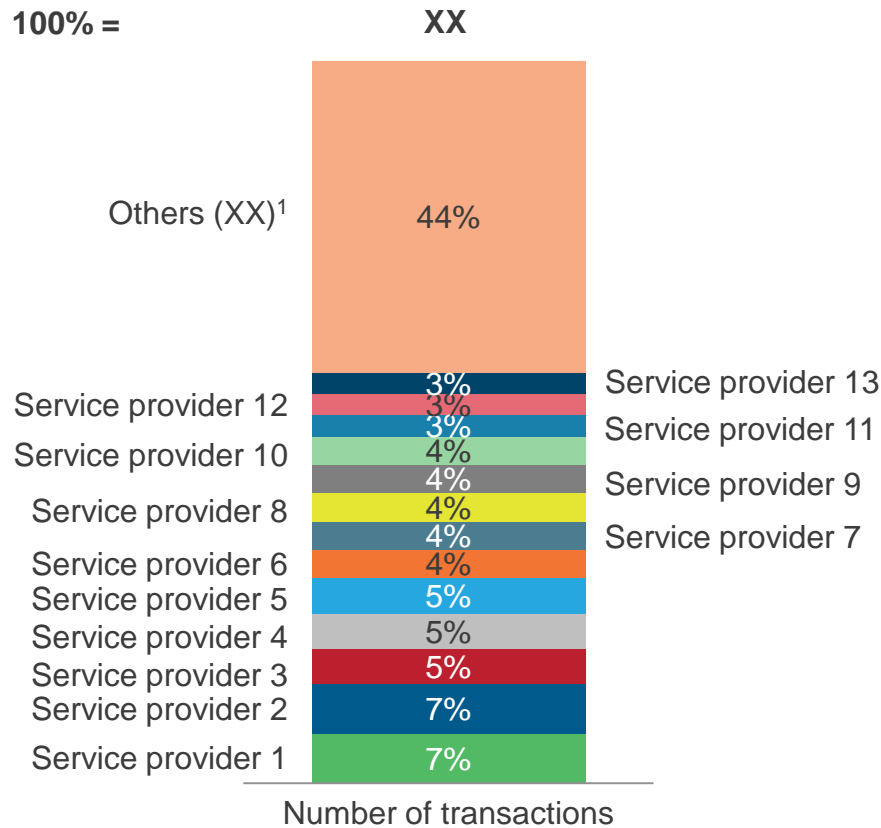
Note: All references to GICs include only offshore GICs

Source: Everest Group analysis

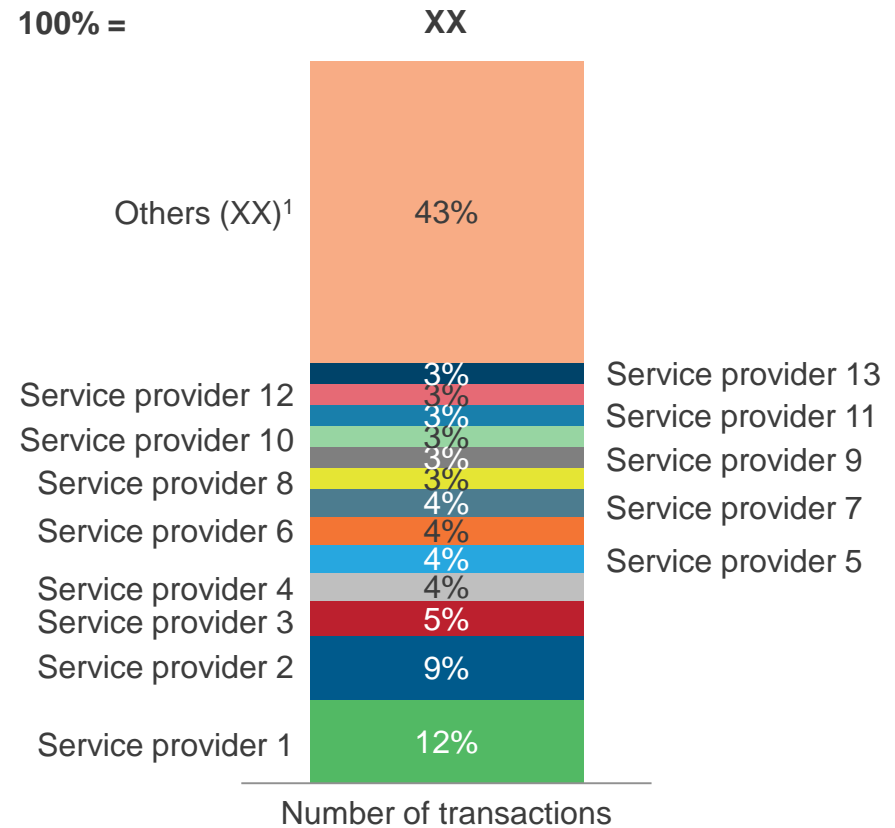
Section III: Service provider activity and deal information

Share of service providers in transaction activity

Share of service providers in transactions
QX Year Y; Number



Share of service providers in transactions
Year Y-1; Number



¹ Figure in parenthesis indicate number of service providers

Source: Everest Group Transaction Intelligence Database

Section III: Service provider activity and deal information

Notable deals signed in the XX industry in QX Year Y

Buyer	Subvertical	Service provider	Deal value (US\$ million)	Contract duration (years)	Services
Buyer 1	XXXX	XXXX	XXXX	XXXX	XXXX
Buyer 2	XXXX	XXXX	XXXX	XXXX	XXXX
Buyer 3	XXXX	XXXX	XXXX	XXXX	XXXX
Buyer 4	XXXX	XXXX	XXXX	XXXX	XXXX
Buyer 5	XXXX	XXXX	XXXX	XXXX	XXXX
Buyer 6	XXXX	XXXX	XXXX	XXXX	XXXX
Buyer 7	XXXX	XXXX	XXXX	XXXX	XXXX

Source: Everest Group Transaction Intelligence Database

Section III: Service provider activity and deal information

Key developments in major companies

XXXX

Increased offshore adoption: XXXX announced plans to set up its back-office operations in XX by the end of Year Y. The center will support its XXXX expansion and will hire about XX employees

XXXX

BPO agreement: XXXX

XXXX

ITO agreement: XXXX

XXXX

ITO agreement: XXXX

Source: Everest Group analysis

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		✓

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: Q4 2012** ([EGR-2013-8-R-0824](#)); 2012. This report summarizes the key trends and developments for Q4 2012 in the global offshoring and outsourcing market
2. **Industry Trends reports:** Trends for Q3 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 Travel and Hospitality
3. **Buyer Geography Trends reports:** Trends for Q3 2012. These reports provide data, developments, and insights on outsourcing and offshoring trends for a particular buyer geography/region. These reports provide the research and analysis that enable users to navigate through complexity and make clear, effective decisions suited to their focus region. These reports provide detailed information on transaction activities, Global In-house Center (GIC) developments, service providers' market shares, and key outsourcing transactions specific to particular regions. Regions covered include: U.S. and Canada; Europe; and Rest of the World

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