



Global In-house Center (GIC) Landscape in India – Three Decades of Value Creation for Global Enterprises, Geared Up to Deliver More

Global Sourcing (GS)

Market Report: September 2014 – Preview Deck

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Background and scope of the research

Background of the research

- The global sourcing market has grown rapidly to reach US\$137 billion in 2013, with India representing around 50% share of the industry
- The offshore services market in India was pioneered by GICs such as Texas Instruments and GE in the late 1980s and early 1990s. The 10-year period from 2002 to 2011 witnessed rapid growth in this segment, with a large number of companies setting up / expanding their GICs
- While the market continues to see new GIC set-ups, overall growth was relatively sluggish during the last two years due to slowdown in the global economy. India continues to remain dominant geography for setting up GICs, however, companies in their quest to diversify, have also explored and successfully established GIC operations in China, Philippines, Rest of Asia (RoA), Central & Eastern Europe (CEE), and Latin America

The scope and methodology of this report

- The first section of this report analyzes the overall GIC landscape in India in terms of growth, buyer portfolio, scale, functions supported, and key delivery locations
- The report also provides trends in Indian GIC market in the last 42 months (2011 to H1 2014). This has been compared with the cumulative GIC activity in India to bring forth the key areas of differences
- The third section is a deep-dive into the Indian GIC market across locations, verticals, and functions
 - Locations: Coverage across key cities including Bangalore, Chennai, Hyderabad, Mumbai, NCR, and Pune
 - Verticals: Banking, Financial Services & Insurance (BFSI), Energy & Utilities (E&U), healthcare, Manufacturing, Distribution & Retail (MDR), technology, and telecom are the focused verticals covered in this report
 - Functions: Coverage across Business Process Services (BPS), Information Technology (IT), and R&D / engineering services
- The fourth section talks about three strategic opportunities that lie in front of GICs in India
- This report is based on Everest Group's proprietary GIC database that is updated quarterly with new set-ups, expansions/contractions of existing GICs, divestitures, and capability additions along with ongoing interactions with GICs and parent stakeholders

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Overview and abbreviated summary of key messages

This report provides a deep-dive into the GIC landscape in India and an analysis of the trends in the last 42 months (2011 to H1 2014), and compares them with the trends in overall GIC market in India. The research also brings out key insights about the Indian GIC market across key cities, verticals, and functions and concludes with an assessment of strategic opportunities that lie in front of GICs

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

Overview of GIC landscape in India

- India accounts for almost half of the overall GIC market by revenue, and ~42% of the market in terms of the number of delivery centers
- The GIC segment accounts for ~20% of the Indian offshore services market (which is estimated at ~US\$76 billion in 2013)

Recent trends in the market

- While existing GICs continue to expand in India, number of new set-ups declined from 28 in 2012 to 21 in 2013. However, the market is expected to gain momentum in the near future
- In the last 42 months (2011 to H1 2014), the industry has shown evolution to deliver complex product- and software-based R&D activities. The BPS market is also advancing from delivery of transactional services to complex services, such as forecasting and regulatory reporting

Key locations, verticals, and functions

- Bangalore holds the dominant position in the Indian GIC industry. There are significant number of GICs in other tier-1 cities as well including Chennai, Hyderabad, Mumbai, and NCR
- Led by the success of Pune, other tier-2/3 cities have gained traction for the GIC activity
- R&D / engineering services are the most prominent functions being leveraged by GICs across industries

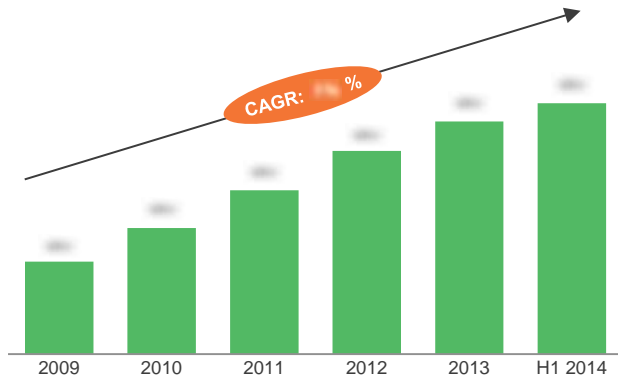
Opportunities for GICs in India

- GICs can help the parent organization by harmonizing and orchestrating global services operating model of the parent by playing the role of global sourcing office
- They can use both cost-saving and revenue levers to drive financial impact beyond labor arbitrage for the parent
- They can help lower enterprise risk and enhance robustness of compliance in multiple ways for the parent and reduce/avoid operational losses

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

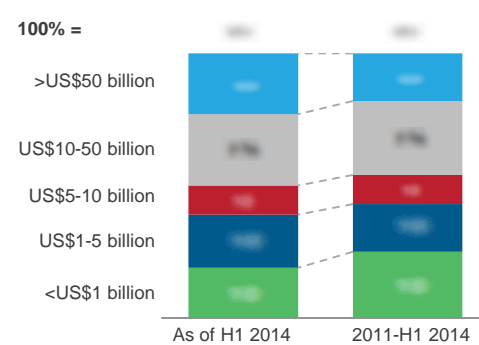
Overview of GIC landscape in India

Number of GICs in India



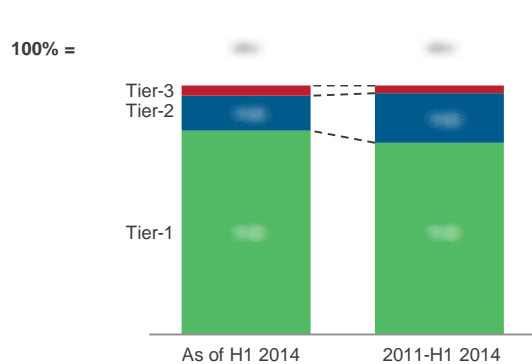
Recent trends in the market

Distribution of GICs in India by parent revenue



Key locations, verticals, and functions

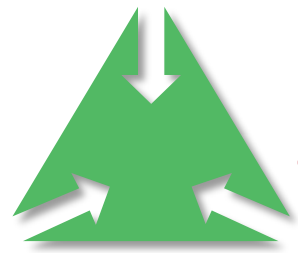
Distribution of GICs by type of cities



Opportunities for GICs in India

1 Take role of global sourcing office and help harmonize global services operating model for parent organization

3 Help lower enterprise risk and enhance robustness of compliance



2 Drive impact beyond cost arbitrage through both cost saving and revenue growth levers

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 |
| Global sourcing webinar: Cost Competitiveness of Global In-house Centers | May 2014 |
| Global In-house Center (GIC) Landscape in India – Three Decades of Value Creation for Global Enterprises, Geared Up to Deliver More | September 2014 |
| GIC landscape report: BFSI | Q4-2014 |
| Thematic report: Cost Competitiveness of Global In-house Centers | Q4-2014 |
| Thematic report: Substantiating Business Impact by Global in-house Centers (GIC) | Q4-2014 |
| Viewpoint: Hybrid sourcing model | Q4-2014 |
| Viewpoint: Hybrid governance models in global sourcing | Q4-2014 |
| GIC landscape report: Engineering Services/R&D | Q4-2014 |
| Viewpoint: Global Business Services | Q4-2014 |

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. **Global In-house Center (GIC) Landscape Annual Report 2014** ([EGR-2014-2-R-1097](#)); 2014. This report provides a deep-dive into the overall GIC landscape and the yearly update of the GIC market in 2013, compared to the last two years. The report also provides assessment of strategic priorities for GICs
2. **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 to H1 2013)
3. **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 to 2012)

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At a glance

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