



# Global Locations Annual Report 2014: Expanding Frontiers and Maturation

Locations Insider™

Annual Report – November 2014 – Preview Deck

# Our research offerings for global services

## Subscription information

- The 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:

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## Market Vista™

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

BFSI<sup>1</sup> information technology

PricePoint™

BFSI<sup>1</sup> business process

Finance & accounting

Healthcare information technology

Procurement

Information technology

Human resources

Cloud Vista™

Recruitment process

Global sourcing

Contact center

**Locations Insider™**

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

<sup>1</sup> Banking, financial services, and insurance

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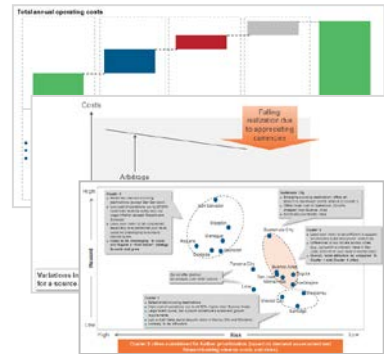
# Our research methodology is based on four pillars of strength to produce actionable and insightful research for the industry

- Market thought leadership
- Actionable and insightful research
- Based on on-the-ground perspectives

1

## Robust definitions and frameworks

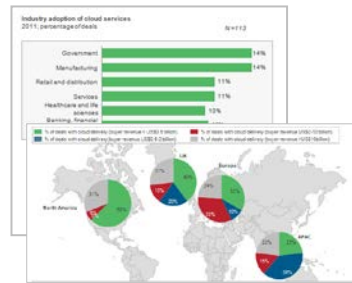
(talent pool scalability and sustainability assessments, cost arbitrage sustainability, risk assessment frameworks)



2

## Primary sources of information

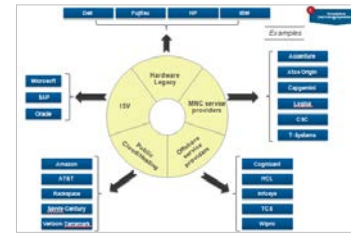
(Ongoing interactions with buyers, GICs/captives/SSCs, service providers, investment promotion agencies, recruiters, etc.)



3

## Diverse set of market touchpoints

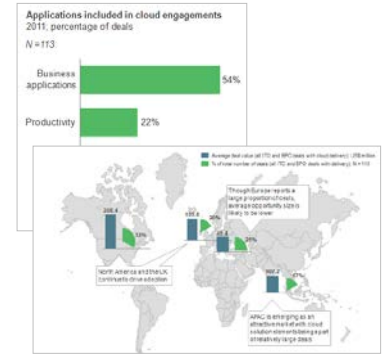
(Ongoing interactions across key stakeholders, input from a mix of perspectives and interests, supports both data analysis and thought leadership)



4

## Fact-based research

(Data-driven analysis with expert perspectives, year-round tracking of location and service provider activity, and country briefings)



- Proprietary tracking and databases on operating costs, labor pool, market activity, and risks
- Year-round tracking of 180+ locations around the world
- Coverage across all offshore, nearshore, and onshore locations across regions (APAC, Europe, North America, LATAM, Africa)
- Over 100 global projects on supporting clients on location decisions
- Executive-level relationships with buyers, service providers, technology providers, and industry associations

# Background and overview of report

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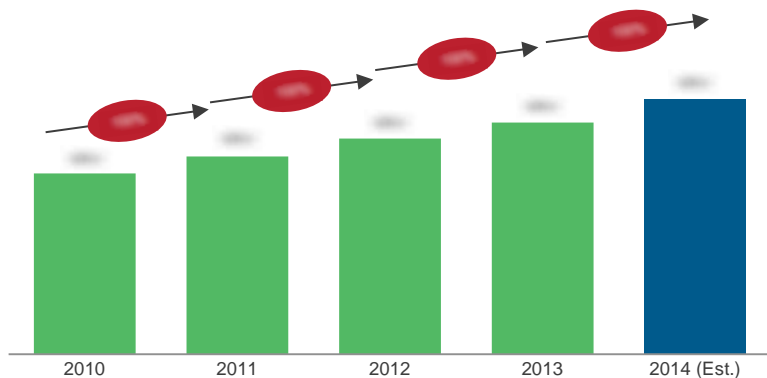
The global sourcing locations landscape showed definite signs of recovery in 2014, after a slump in 2013. While the number of new centers set up increased, buyers and service providers continued to explore uncharted territory for service delivery, at the same time, consolidating their positions in established locations.

The Global Locations Annual Report 2014 is a unique and comprehensive guide to understanding the nuances of the global services locations landscape and interpreting locations-related developments and trends to frame locations strategy. It presents insights into:

- Size and growth of the global services market
- Global services exports by regions and country
- Update of locations activity by region and country
- Trends affecting global locations (changes in investment environment and exposure to various risks)
- Industry-leading comparison and analysis on key movements in maturity, arbitrage, and potential of global delivery locations (cities) through our unique MAP Matrix™ analysis
- Data tables on new center setup activity by GICs and service provider across global locations

This study offers four distinct chapters providing a deep dive into key aspects of global sourcing locations; below are four charts to illustrate the depth of the report

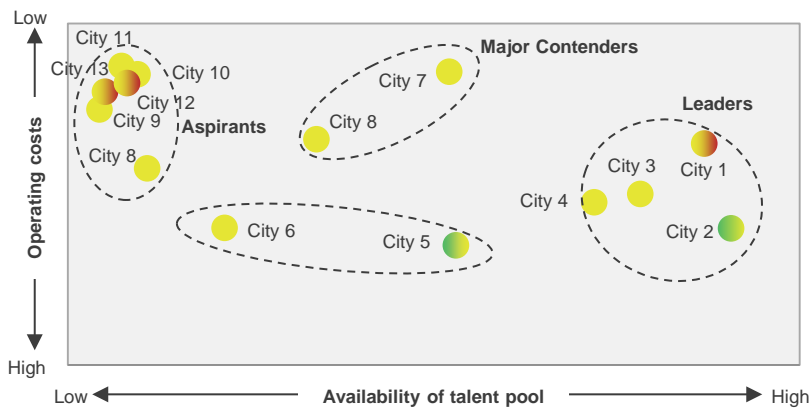
### Global services market



### Locations activity

Function	Share in locations activity 2013-H1 2014	Change in activity		
		Short-term: Compared to last year	Long-term: Compared to last 3 years	Forward-looking view: Next 1 year
BPO		↑	↑	↑
IT		↓	↓	↓
R&D/engineering		↓	↓	↓
Type of city				
Tier-1		↓	↓	↓
Tier-2/3		↑	↑	↑
Type of set-up				
GIC		↑	↑	↑
Service provider		↓	↔	↔
Type of service provider				
Top 20		↑	↓	↔
Others		↓	↑	↑
Share of regions in all onshore set-ups				
U.S.		↓	↔	↔
UK		↑	↓	↓
Continental Europe		↑	↓	↔
Others		↓	↑	↑

### MAP Matrix™



### Risk watch

Country	Quality of infrastructure	Safety and security	Geo-political	Macroeconomic	Regulation & ease of doing business	Overall risk
Country 1	Yellow	Yellow	Red	Red	Red	Red
Country 2	Yellow	Yellow	Green	Yellow	Yellow	Yellow
Country 3	Yellow	Green	Yellow	Yellow	Yellow	Yellow
Country 4	Green	Yellow	Green	Green	Green	Green
Country 5	Yellow	Green	Yellow	Green	Yellow	Yellow
Country 6	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Country 7	Green	Green	Green	Yellow	Yellow	Green
Country 8	Green	Green	Green	Green	Yellow	Green
Country 9	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Country 10	Red	Red	Yellow	Yellow	Yellow	Red
Country 11	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Country 12	Yellow	Green	Green	Yellow	Green	Green
Country 13	Green	Yellow	Green	Yellow	Yellow	Green

Source: Everest Group (year)

# The report has 40 pages of data on locations activity – new centers set up by GICs and service providers over 2013-H1 2014

## Locations activity

Offshore locations | Delivery centers established in Q1 2014 (page 4 of 6)

### Asia (continued)

Country	City	Month	Service provider/ GIC	Headcount	Other comments
Country 1	City 1	March	Service provider 1	N/A	Established a back-office center for transactions processing, record management, and other back-office functions. The center is expected to have a headcount of 100 FTEs.
Country 2	City 2	March	Service provider 2	N/A	Opened its R&D center by a service provider. The center aims to use KifLocate mobile search and targeted advertising.

### Africa

Country	City	Month	Service provider/ GIC	Headcount	Other comments
Country 1	City 1	January	Service provider 1	N/A	Established a center that will provide resources, analytics, and big data services to clients and partners, as well as to capital markets and academics.

### Latin America

Country	City	Month	Service provider/ GIC	Headcount	Other comments
Country 1	City 1	January	Service provider 1	300 FTEs	Established a contact center for sales and collection services.
Country 2	City 2	January	Service provider 2	~300 FTEs	Established a new facility to provide customer acquisition and retention services.
Country 3	City 3	January	Service provider 3	N/A	Opened a new center to provide customer support for the Bahamair department.

Source: Everest Group (2014)



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## Locations activity

Offshore locations | Delivery centers established in Q1 2013 (page 1 of 3)

### Asia

Country	City	Month	Service provider / GIC	Headcount	Other comments
Country 1	City 1	January	Service provider 1	N/A	Established an IT development center to provide technology support for IT applications, projects, and program implementation.
Country 2	City 2	February	Service provider 2	30 FTEs	Established a new R&D center.
Country 3	City 3	February	Service provider 3		Acquired Systech Integrators, to make an entry into the Indian IT market.
Country 4	City 4	February	Service provider 4	150 seats	Established a delivery center to provide business process services, such as customer service, airline reservations, flight disruption support, back office services, and multi-language support to the airline, travel, and hospitality sector in the APAC region.
Country 5	City 5	February	Service provider 5	50 seats	Established a center of excellence to provide professional legal services.
Country 6	City 6	February	Service provider 6	1,800 seats	Established an engineering and information technology center of excellence for Daimler.
Country 7	City 7	February	Service provider 7	N/A	Established a Global Shared Services Center (GSS) to support its global marketing, sales, and business analytics.
Country 8	City 8	March	Service provider 8	N/A	Established a customer service center to provide inbound and outbound reservation services for guests from mainland China, Hong Kong, Taiwan, and Macau.
Country 9	City 9	March	Service provider 9	N/A	Established a global shared services facility to support development of ICT solutions and managed network IT services contracts.
Country 10	City 10	March	Service provider 10	N/A	Established a technical center to provide advanced product and applications engineering support to automobile OEMs in the Asia-Pacific region.
Country 11	City 11	March	Service provider 11	50 FTEs by year-end	Established an R&D center to develop and test new FireEye products.

Source: Everest Group (2014)



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Source: Everest Group (2014)



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# Location Insider: Components of annual subscription

Components of the Locations Insider subscription	Description	Number of reports in annual subscription
Function focus location reports	Identify and assess <b>function-specific growth opportunities</b>	<ul style="list-style-type: none"> <li>• 3</li> </ul>
Emerging location trends	Keep up with the <b>latest themes</b> in location strategy and management	<ul style="list-style-type: none"> <li>• 2</li> </ul>
“Next-wave” location profiles	Stay ahead of competition in understanding opportunities in <b>“next-wave” locations</b>	<ul style="list-style-type: none"> <li>• 10</li> </ul>
Global locations annual report	<b>Annual update</b> of locations activity, risks, perceptions, and plans	<ul style="list-style-type: none"> <li>• 1</li> </ul>
Analyst access	Support <b>ad-hoc queries</b> and provide <b>additional perspectives</b>	<ul style="list-style-type: none"> <li>• Up to 10 hours every year</li> <li>• Available in increments of 30/60 minutes</li> </ul>



We welcome the opportunity to discuss options to tailor the subscription specific to your needs

# LI research calendar

Topic	Release date
"Next-wave" location profile: Guatemala	November 2013
"Next-wave" location profile: Cebu	November 2013
Finance & Accounting in Latin America (LATAM)	December 2013
"Next-wave" location profile: Bulgaria	June 2014
"Next-wave" location profile: Peru	June 2014
"Next-wave" location profile: Romania	July 2014
"Next-wave" location profile: Chengdu, China	July 2014
"Next-wave" location profile: Vietnam	August 2014
"Next-wave" location profile: Nicaragua	August 2014
"Next-wave" location profile: Kenya	September 2014
"Next-wave" location profile: Latvia	September 2014
"Next-wave" location profile: Jaipur	September 2014
"Next-wave" location profile: Uruguay	September 2014
"Next-wave" location profile: Sri Lanka	September 2014
Tier-2/3 Locations in India for Offshore IT Services Delivery – Does Reality Meet the Hype?	September 2014
Is Philippines Stepping Up to Lead the Industry into the Next Horizon of Global Services?	October 2014
U.S. Onshore Delivery Puzzle – Demystifying Location Selection	October 2014
Global Locations Annual Report 2014: Expanding Frontiers and Maturation	November 2014
Locations for delivery of multilingual F&A services in Central and Eastern Europe	Q4 2014
Locations for delivery of English-language contact center services in Central America and Caribbean	Q4 2014

# Additional research references

The following documents are recommended for additional insight on 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. **Is the Philippines Stepping Up to Lead the Industry into the Next Horizon of Global Services?** ([EGR-2014-2-R-1251](#)); 2014. The Philippines has emerged as the second largest offshore location for global services, driven by cost arbitrage, abundant English-speaking talent pool, strong cultural affinity with the United States, and the need for geographic risk diversification beyond India. In this report, we take stock of the Philippines' IT-BPS market – both the established and the emerging IT-BPS segments, tier-2/3 locations, and uncover opportunities and potential risks for the Philippines, as it gears-up to lead the industry into next horizon of global services
2. **U.S. Onshore Delivery Puzzle – Demystifying Location Selection** ([EGR-2014-2-R-1269](#)); 2014. Business Process Service (BPS) delivery from onshore locations in the United States has witnessed an increase in interest in the last few years. In this report we highlight the key factors to be considered during location selection for onshore delivery centers and provide an in-depth analysis of cost, talent, and player landscape of key location types available within the United States for onshore BPS delivery
3. **Next-wave Location Profile – Latvia** ([EGR-2014-2-LP-1211](#)); 2014. This report on Latvia offers perspectives on global sourcing profile of Sri Lanka, key opportunities, drivers, and challenges, along with an overview of talent availability, operating costs, and environment risks

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## At a glance

- With a fact-based approach driving outcomes, Everest Group counsels organizations with complex challenges related to the use and delivery of the next generation of global services
- 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

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