



Global Hotspots For Digital Services

Locations Insider™
Market Report – June 2016 – Preview Deck

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▶ **BFSI¹ Business Process**

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▶ **Contact Center**

▶ **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

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¹ Banking, financial services, and insurance

Background and scope of the research

Background of the research

Digital service delivery (social & interactive, mobility, analytics, cloud, automation, IOT, and digital cybersecurity) is witnessing significant traction in the global services industry. Technology advancement and focus on digital consumerism are key drivers responsible for the proliferation of digital services. As the industry embraces the digital agenda, talent has become a critical success factor for both enterprises and service providers.

This report provides an in-depth view of the global digital services industry from a talent perspective. It covers the global distribution of digital talent coupled with cost trade-offs, and provides readers with an intimate view of global “sweet-spots” for various digital services







In this research, we have assessed the digital services global sourcing industry

- Current digital services global sourcing landscape
- Regional delivery landscape
- Emerging locations for digital services delivery
- Comparative assessment of locations across talent and cost
- MAP™ Matrix for digital services delivery
- Implications for stakeholders

The scope of the analysis includes:

- Digital segments: social & interactive, mobility, analytics, cloud, and next-generation (*details on page 4*)
- Analysis on leading cities being leveraged for digital services delivery across India, Asia-Pacific, Latin America (LATAM), nearshore Europe, onshore tier-2 Europe, and onshore tier-2 U.S. (*details on page 5*)

Digital segments covered in the report

Digital segments	Services	Current digital technologies	Next generation digital technologies
 Social & Interactive	<ul style="list-style-type: none"> • Social media monitoring • Social strategy and consulting • Social application development (front-end) • Social content and web development 		<ul style="list-style-type: none"> • Social analytics • Others (e.g., social commerce & content, social media marketing, and digital marketing platforms)
 Mobility	<ul style="list-style-type: none"> • Mobility testing • Mobility strategy, consulting, and platform development • Mobile device management: Software management, network management, and security management 		<ul style="list-style-type: none"> • Mobile applications - development and maintenance • Others (e.g., API management, mobility UX design, connected device engineering / embedded software)
 Analytics¹	<ul style="list-style-type: none"> • Core analytics (industry-standard analytics tools such as Statistical Analysis System (SAS) and Statistical Package for the Social Sciences (SPSS)) • Data architecture and management: Data architecture, master data management, and data migration 		<ul style="list-style-type: none"> • Data visualization and visualization implementation • Big data analytics and consulting • Analytics platform implementation
 Cloud	<ul style="list-style-type: none"> • Application development, migration, and deployment: Developing "green-field" apps with cloud features, migration of apps to cloud platform/implementation, customization, and integration of cloud apps • Cloud consulting / advisory services 		<ul style="list-style-type: none"> • Infrastructure build: Designing and building cloud infrastructure/customization and implementation • Infrastructure management and orchestration: Management of cloud assets, lights-on / helpdesk, orchestration, and other related activities
 Robotics Process Automation (RPA)	<ul style="list-style-type: none"> • Solutions that replace human action at various points of a business process • Others (e.g., business process management solutions and workflow solutions) 		<ul style="list-style-type: none"> • Intelligent RPA solutions (artificial intelligence): Solutions with in-built learning capabilities that can be leveraged to handle judgment-oriented tasks with the capacity to generate and store data as a part of their machine learning process
 Miscellaneous	<ul style="list-style-type: none"> • Internet of Things (IoT): Smart devices and sensors, M2M communication, and network management 		<ul style="list-style-type: none"> • Digital cybersecurity

¹ Traditional business intelligence and data warehousing excluded from definition of digital used in the research

Locations assessed in the report

North America (onshore tier-2)	
Country	City
United States	Atlanta
United States	Austin
United States	Baltimore
United States	Dallas
United States	Denver
United States	Houston
United States	Minneapolis
United States	Philadelphia
United States	Phoenix
United States	Raleigh-Durham
United States	Seattle

India	
Country	City
India	Bangalore
India	Chennai
India	Delhi NCR
India	Hyderabad
India	Mumbai
India	Pune

Europe (onshore tier-2)	
Country	City
England	Manchester
England	Reading
France	Toulouse
Germany	Cologne
Germany	Stuttgart
United Kingdom	Guildford
Spain	Barcelona

Latin America (LATAM)	
Country	City
Argentina	Buenos Aires
Brazil	Sao Paulo
Chile	Santiago
Colombia	Bogota
Mexico	Mexico City

- This list represents the leading cities being leveraged for digital services delivery
- We have included representative cities from all leading sourcing geographies to present a holistic view of the sourcing landscape for digital services

Nearshore Europe	
Country	City
Bulgaria	Sofia
Czech Republic	Prague
Hungary	Budapest
Ireland	Dublin
Northern Ireland	Belfast
Poland	Krakow
Poland	Warsaw
Romania	Bucharest
Russia	Moscow
Scotland	Glasgow
Scotland	Edinburgh
Slovakia	Bratislava
Turkey	Istanbul
Ukraine	Kiev

Asia Pacific (APAC) (excluding India)	
Country	City
China	Beijing
China	Shanghai
Malaysia	Kuala Lumpur
Philippines	Manila
Singapore	Singapore
Vietnam	Ho Chi Minh City

This report treats offshore, nearshore, and tier-2 onshore locations as delivery geographies. Tier-1 onshore locations (e.g., San Francisco, New York and London) are considered as buyer geographies and are excluded from the analysis.

Methodology – Everest Group's extensive databases, proprietary market intelligence, and inputs from market participants formed the foundation for this report

- Proprietary intelligence
- Market thought leadership
- Actionable and insightful research

1 Robust definitions and frameworks – location assessment, sustainability, and scalability

2 Proprietary databases (GICs, service providers, market activity, cost/labor, and transaction intelligence)

3 Diverse set of touch-points with key global-services stakeholders for on-the-ground perspectives

4 Fact-based research adequately informed by deep domain expertise and experience

- 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, GICs, and service providers
- More than 20 years of 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 (recruiters, real estate firms, and legal firms)

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Overview and abbreviated summary of key messages

Digital services delivery, though a small part of the global services market, is expected to witness robust adoption in the next 2-3 years owing to the faster annual rate of growth (14-18% compared to 7-9% for the overall IT-BP industry) during the past 4-5 years. The strong growth is driven by factors such as advancement of technology, customer centricity, speed-to-market, and pressures on margin

This report covers the current digital services global sourcing market highlighting the leverage of sourcing locations for different digital skills. It also provides a detailed comparative assessment of leading sourcing locations for digital services delivery on dimensions of talent and cost. In addition, the report also features the MAP™ Matrix for digital services delivery

Some of the findings of the report

India is the leading location for digital services delivery

- India accounts for >50% of the digital services global sourcing market in terms of FTEs
- Availability of talent and synergy with existing sourcing operations of leading IT-BP players are key reasons behind India's leadership position
- Bangalore, Hyderabad, and Mumbai are key cities being leveraged for digital services delivery

Nearshore Europe offers a compelling value proposition for digital services delivery

- Nearshore Europe is gaining traction for providing digital services to Western Europe
- Same time-zone advantage helps drive the R&D and innovation agenda
- Availability of multilingual talent helps in content localization and content contextualization
- Krakow, Prague, and Budapest are key cities being leveraged for digital services delivery

Onshore locations are being leveraged to maintain thrust on the innovation agenda

- Innovation is an integral part of the digital agenda as technologies and customer demands are evolving very fast
- Onshore locations provide access to high quality talent relevant for R&D and next-generation skills such as IoT, digital cybersecurity, and automation
- Key locations: Raleigh-Durham, Dallas, Phoenix, and Atlanta in U.S. and Manchester, Stuttgart, and Barcelona in Europe

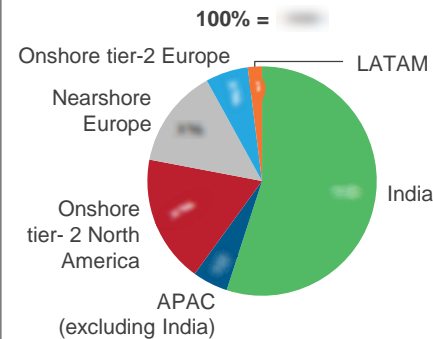
This study offers four distinct chapters providing a deep dive into the current state of the digital services global sourcing market

Market overview

Digital services global sourcing market size

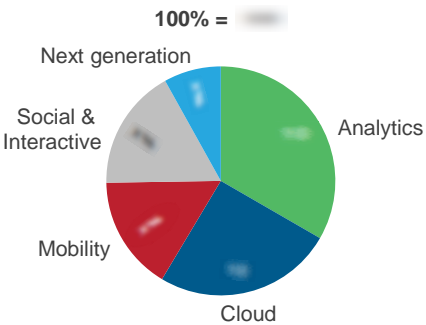
By delivery geography

2016; Number of FTEs in '000s



By function

2016; Number of FTEs in '000s



Current sourcing landscape

Digital services global sourcing market size

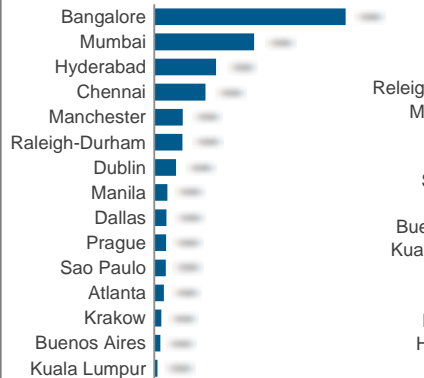
2016; Number of FTEs in '000s



Market overview

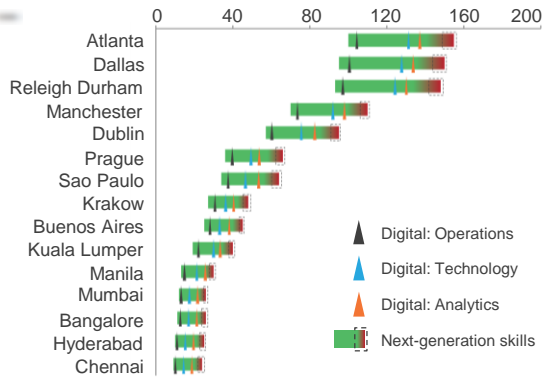
Employed talent pool for digital services

2016; Number in '000s

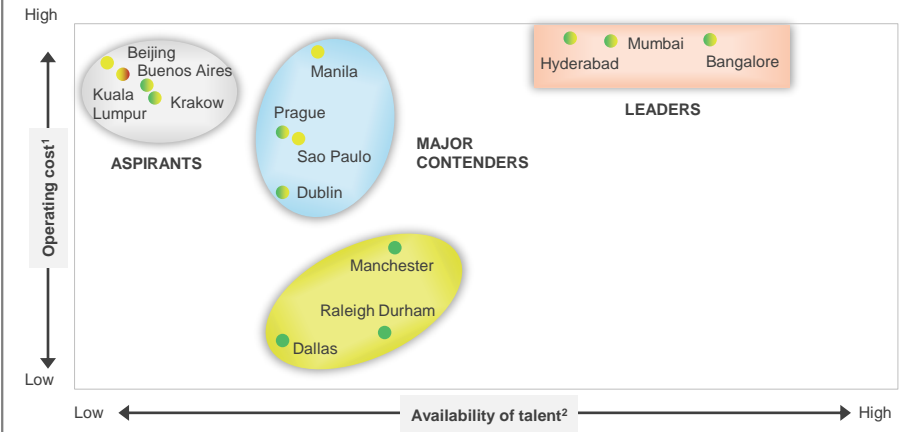


Annual operating cost per FTE

2016; US\$ in '000s per annum



MAP™ Matrix for digital services



Source: Everest Group (2016)

Locations Insider research calendar

Topic	<div> <div></div> Published <div></div> Current </div> Release date
Nearshore Europe Is IT! IT Services Riding The Nearshore Advantage	April 2015
Next-wave Location Profile – Penang, Malaysia	April 2015
North America Domestic Outsourcing Services: Providers Embrace Onshoring – Is the World Still Flat?	May 2015
Ukraine Crisis: Is the Regional IT Service Delivery Landscape Changing?	June 2015
"Next-wave" location profiles: Lithuania	July 2015
Value Proposition of Tier-2/3 Cities for Global Services Delivery	July 2015
"Next-wave" location profiles: Lodz, Poland	July 2015
"Next-wave" location profiles: Puerto Rico	August 2015
"Next-wave" location profiles: Brno, Czech Republic	September 2015
"Next-wave" location profiles: Curitiba, Brazil	September 2015
"Next-wave" location profiles: Tunisia	October 2015
Will Robots Eat Locations Strategy for Breakfast?	October 2015
Global Locations Annual Report	November 2015
"Next-wave" location profiles: Turkey	February 2016
"Next-wave" location profiles: Bogota, Colombia	March 2016
Many voices, Many locations: Understanding the Multilingual Contact Center Market in East and Southeast Asia	April 2016
IT service delivery in Latin America	May 2016
Global Hotspots For Digital Services	June 2016

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 on the topic or complementary content, that may be of interest:

1. **GICs Leading the Way for Digital Transformation of the Enterprise** ([EGR-2016-2-R-1682](#)); 2016. This report gives an overview of the current state of digital adoption in GICs, assesses digital maturity of GICs based on a framework, evaluates functional maturity of the top three industry verticals, and highlights best practices, key implications, and the call-to-action for GICs
2. **Will Robots Eat Locations Strategy for Breakfast?** ([EGR-2015-8-R-1605](#)); 2015. This report presents a forward-looking view of the impact of automation on delivery location strategies of companies. We have considered a popular automation technology called Robotic Process Automation (RPA), which is very effective in automating rule-based transactional processes, to analyze the impact of automation on delivery portfolios.
3. **Global Locations Annual Report 2015: Resurgence of Activity Amidst Evolving Propositions** ([EGR-2015-2-R-1619](#)); 2015. The global sourcing locations landscape showed definite signs of recovery in 2014, after a slump in 2013. The Global Locations Annual Report 2014 is a unique and comprehensive guide to understanding the nuances of the locations landscape and interpreting locations-related developments and trends to frame locations strategy. It presents insights into the size and growth of the global services market, update of locations activity, changes in risk profiles of locations, and an analysis of the maturity, arbitrage, and potential of locations (MAP Matrix™)

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About Everest Group

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