Everest Group
RESEARCH

Small But Mighty: Corporate Functions Delivery from GICs

Catalyst™
Market Report – April 2017 – Preview Deck

EGR-2017-2-PD-2154

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

- The full report is included in the following subscription(s)
  - **Catalyst™**
- 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**

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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* Banking, financial services, and insurance

Name change | Global Sourcing subscription program renamed to Catalyst™

Why Catalyst?

- Over the last few years, the Global In-house Center (GIC) model has undergone significant changes
- GICs have evolved from low-cost providers of services to change agents – or catalysts – for global enterprises' back- and middle-office services
- As GICs increasingly champion changes within their enterprises, they are redefining their role **from captive to catalyst**:
  - Driving business impact and thought leadership
  - Developing global leaders and talent/skills
  - Transforming processes and service delivery
  - Leading organizations through digital disruptions in global services

Salient features of Everest Group's Catalyst™ research program

- Catalyst™ is the industry's only research program focusing exclusively on GICs and internal service delivery models
- The subscription program provides GICs and enterprises with actionable insights (based on the latest trends and peer studies) in their journey from captive to catalyst
- Catalyst™ subscribers get access to:
  - Research on multiple topics relevant to the GIC market
  - One-on-one briefings with Everest Group analysts/SMEs
  - Access to industry-leading viewpoints and thought leadership articles
  - GIC events (webinars, roundtables, and virtual networking sessions)
  - Strategy workshops for senior leadership

Table of contents

Everest Group
RESEARCH

EGR-2017-2-PD-2154

Background and scope of the research

Background of the research

- Corporate functions include activities that deliver enterprise-wide support; their delivery is limited to internal customers
- Corporate functions, as defined in this research, comprise the following functions: Finance & Accounting (F&A), procurement, Human Resources (HR), marketing, legal, real estate, and corporate communications
- While F&A and HR were the traditional examples of corporate functions delivered from GICs, the scope has now expanded to include others such as procurement, legal, marketing, etc.
- There are multiple drivers for the adoption of these functions in GICs – leveraging cost advantage across locations, providing 24/7 support, process standardization, and access to additional talent pool
- Except for F&A and HR, the other corporate functions are still at a nascent stage in terms of adoption within GICs; the maturity of delivery of other functions is expected to increase in the next 5-10 years

Scope of the research

- This report covers adoption of seven corporate functions – F&A, procurement, HR, marketing, legal, real estate, and corporate communications in GICs
- The first part of the report is a summary section which describes the overall GIC market for corporate functions.
- The second section includes the following for all the corporate functions in the scope of this research:
  - Overview of the function
    - Key trends, GIC adoption trends, and type of players for the function
  - Function value chain
  - GIC adoption maturity
    - Process-wise adoption maturity
  - Delivery location landscape
    - Key regions/countries where GICs have been set-up for the function
  - Representative case studies
- The third section summarizes the future outlook for these functions from GIC delivery perspective

Overview and abbreviated summary of key messages

This report traces the growth of delivery of corporate functions by Global In-house Centers (GICs). It gives an overview of the current landscape in terms of GIC headcount and varying degrees of process maturity achieved by offshore GICs. It also shares insights about the key locations that are leveraged by companies for delivery along with some case studies of GICs that have been successful in terms of adoption of corporate functions

Some of the findings of the report

GIC market overview for corporate functions

- Corporate functions comprise ~20% of the GIC market size (in FTEs). Amongst this share, key functions include Finance & Accounting (F&A) and Human Resources (HR). Other functions, such as procurement, legal, marketing, real estate and corporate communications comprise very small shares of the GIC market
- Some of the reasons for low degree of GIC adoption pertain to the fact that the overall team sizes of these functions are small to begin with, and hence, enterprises do not consider them to be amenable for delivery through the GIC model

Evolution and maturity of corporate functions

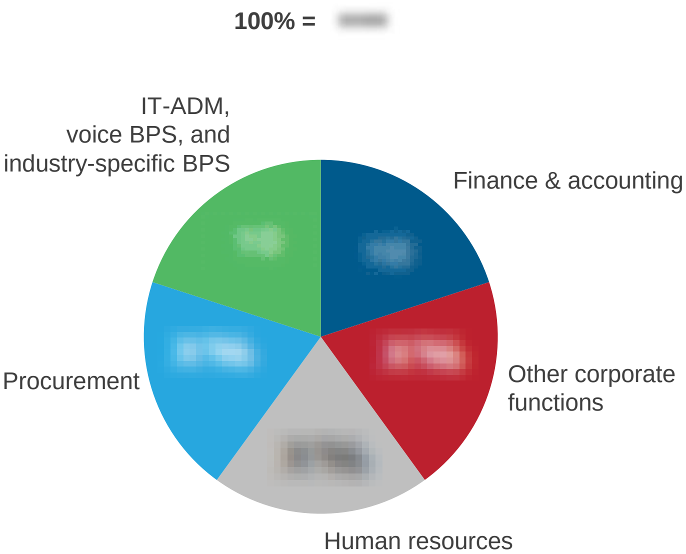
- Amongst the corporate functions in the scope of this research, F&A has witnessed the greatest degree of adoption maturity with both transactional- and judgment-intensive processes being delivered. This is also due to historical reasons as F&A was one of the first functions to be delivered through the GIC model
- Apart from F&A, HR and procurement have also achieved high maturity across certain processes; however, there is higher tendency to leverage the more mature outsourcing model for these functions
- Lastly, amongst the more "non-traditional" corporate functions, there is no distinct trend in terms of maturity. On an overall scale, legal services have achieved high adoption maturity across multiple geographies; however, for the other functions, adoption has been less due to the inherent nature of these functions. For instance, real estate, marketing, and corporate communications tend to be retained on-site or onshore

Key trends and outlook for the future

- There is increased scope of delivery of more judgment-intensive processes from offshore GICs in addition to achieving greater synergies and coordination between processes amongst functions
- Increasing trend toward developing centers of excellence to build expertise or create value across key processes
- Greater adoption of analytics and digital technologies to provide strategic impact across multiple corporate functions

This study offers distinct chapters for each corporate function which provide details of their delivery maturity; below are two charts to illustrate some of this depth

GIC market size (FTEs) by key functions
2016; Number in '000s



GIC adoption maturity of F&A services[1]
2016

● Multiple instances of delivery from GICs
◑ Some instances of delivery from GICs
○ Limited instances of delivery from GICs

Process	GIC adoption maturity
Accounts payable	●
Taxation	●
Accounts receivable	●
General accounting	●
Fixed assets	●
Treasury & risk management	●
Internal audit	●
Regulatory reporting & compliance	●
Budgeting & forecasting	●
Management reporting & analysis	●
F&A strategy	●

Catalyst research calendar

Published | Current

Topic	Release date
Thematic Report: GIC talent landscape in India for IT services	April 2016
GIC landscape report: Delivery Landscape for Retail and Commercial banking in GICs	June 2016
Collaboration between GICs and Start-ups: A Win-Win Situation	June 2016
Business Case for Robotic Process Automation (RPA) in Global In-house Centers	September 2016
Procurement Services Delivery from GICs: Gearing up for a Broader Mandate	September 2016
Future Readiness of GIC Talent Models	October 2016
Global In-house Center (GIC) Landscape Report: The Philippines	December 2016
Exploring GICs in the Life Sciences Industry	February 2017
Viewpoint: Global Sourcing Centers of Excellence (CoEs): Helpers vs. Shapers!	February 2017
Global In-house Center (GIC) Landscape Annual Report 2017	March 2017
Small But Mighty: Corporate Functions Delivery from GICs	April 2017
Thematic report: Case studies on RPA/digital implementation in GICs	Q2 2017
Thematic report: Shared services market in the U.S.	Q3 2017
Viewpoint: GIC 3.0	Q3 2017

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 or complementary content that may be of interest

1. **Global In-house Center (GIC) Landscape Annual Report 2017 - Will President Trump's Job Protection Initiatives be a Wake Up Call for the GIC Model?** (EGR-2017-2-R-2130)**;** 2017. This report provides an in-depth analysis of the GIC landscape and trends. It covers market size, growth, and distribution of GICs by buyer portfolio, scale, functions supported, and offshore delivery locations. It also provides an overview of the trends witnessed in the overall GIC landscape in 2016. This has been compared with GIC activity for the previous two years to bring forth key areas of differences. Additionally, it analyzed the GIC market across key offshore delivery locations, industry verticals, and functions. The study concludes with an assessment of the likely impact of President Trump's job protection policies on the GIC model and its implications for enterprises

2. **Procurement Services Delivery from GICs: Gearing up for a Broader Mandate** (EGR-2016-4-R-1927); 2016. This report provides an assessment that covers the current landscape of procurement services delivery from GICs, various themes of evolution of procurement services delivery, and operating model elements along with a forward-looking view of the expected transformation of delivery

3. **Finance & Accounting Delivery from GICs: Trusted Partner to Move F&A Beyond Delivery to Value Creation** (EGR-2016-2-R-1733); 2016. This report provides an assessment that covers the current landscape of F&A delivery from GICs across various themes of evolution of F&A delivery and operating model elements along with a forward-looking view on the transformation of delivery

For more information on this and other researches published by Everest Group, please contact us:

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Everest Group

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About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empowers clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at www.everestgrp.com.

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