



Brexit, GDPR, and Digital Winds of Change: Disruption or Transformation of Service Delivery to the United Kingdom and Ireland?

Locations Insider™ (LI)

Market Report – October 2017: Complimentary Abstract / Table of Contents

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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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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
- Syndicated and custom research deliverables

1 Robust definitions and frameworks
(Location assessment, sustainability, and scalability)

2 Proprietary databases
(Global in-house centers, service providers, market activity, cost/labor, and transaction intelligence)

3 Diverse set of market touchpoints
(Ongoing interactions across key stakeholders, input from a mix of perspectives, supports both data analysis and thought leadership)

4 Fact-based research
(Data-driven analysis with expert perspectives, trend analysis across market adoption, contracting, and service providers)

Language	2015	2016	2017	2018	2019	2020
Chinese	High	High	High	High	High	High
Spanish	High	High	High	High	High	High
Portuguese	High	High	High	High	High	High
French	High	High	High	High	High	High
German	High	High	High	High	High	High
Italian	High	High	High	High	High	High
Japanese	High	High	High	High	High	High
Russian	High	High	High	High	High	High
Arabic	High	High	High	High	High	High
Hindi	High	High	High	High	High	High
Other	High	High	High	High	High	High

- 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, Global In-house Centers (GICs), and service providers
- More than 20 years' experience in 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 (e.g., recruiters, real estate firms, and legal firms)

Overview and abbreviated summary of key messages

This report takes a closer look at the current landscape of locations being leveraged to support global services demand from the UK and Ireland. We perform a detailed assessment of these locations to understand their value proposition from a cost-talent-risk perspective. This report also analyses the potential impact of factors such as regulatory changes, technology trends, and Brexit on sourcing strategy of UK- and Ireland-headquartered enterprises

Some findings of the report

Demand profile of UK- and Ireland-headquartered enterprises

- The global services market of UK and Ireland grew at 4-5% annually during 2014-2017, and is expected to reach US\$275 billion in 2017
- Outsourced operations account for two-thirds of the total FTEs supporting UK and Ireland demand

Location selection framework as a function of cost, talent and incentives

- Offshore locations accounts for two-thirds of the total FTEs supporting UK and Ireland demand – within offshore, India and the Philippines are the leading geographies, accounting for ~90% of total offshore FTEs
- Onshore locations have shown signs of slowing down in first two quarters of 2017 due to global slowdown. Brexit is likely to further impact future growth rates

Comparative assessment of leading locations delivering to UK and Ireland

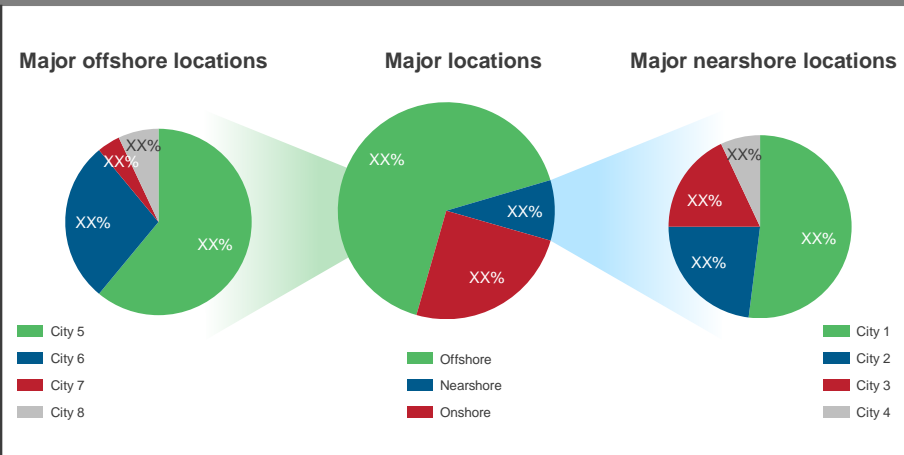
- Among offshore locations, Delhi/NCR, Bangalore, and Metro Manila are the most attractive cities from availability of entry-level talent standpoint
- Multiple instances of scaled GICs and service providers serving the UK from tier-1 locations in India. These locations are well-suited for all IT and business process services delivery, with most companies supporting multiple functions from these locations
- While nearshore locations have significant market activity in terms of number of players, the number of players setting up large scale centers is lower compared to offshore locations

Key trends likely to impact demand from UK and Ireland

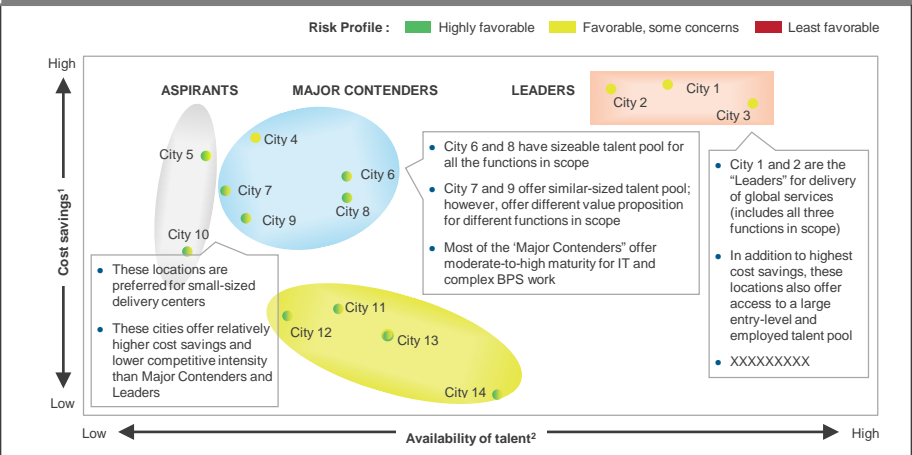
- Brexit is likely to cause disruption in the locations delivery strategy of UK-based companies, especially driven by the fact that it is likely to be a “moderate or hard Brexit”
- The “digital winds of change” have forced UK- and Ireland-based buyers to rethink their global sourcing strategy to build and sustain digital capabilities
- Strengthening of EU’s General Data Protection Regulation, which will come into effect in May 2018

The reports provides insights on locations supporting delivery to UK and Ireland for IT, non-voice, and voice-based BP services basis their cost-talent-incentives value proposition

Share of locations in FTEs supporting UK and Ireland delivery



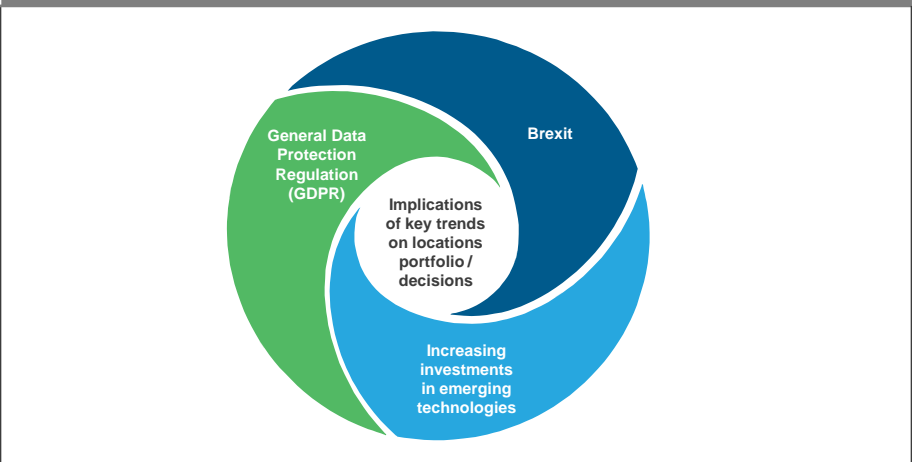
MAP Matrix™ | Global services delivery



Relative attractiveness of locations (talent-cost-risk proposition)

City	Total annual graduate talent pool 2017; Number in '000s	Operating cost – indexed to London 2017; London = 100	Maturity of functions (rating)			Operating and business environment 2017; Rating	Overall Attractiveness
			IT services	Non-voice BPS	Voice BPS		
City 1	XX-XX	XX-XX	Highly favorable	Favorable, some concerns	Favorable, some concerns	Highly favorable	
City 2	XX-XX	XX-XX	Favorable, some concerns	Favorable, some concerns	Favorable, some concerns	Favorable, some concerns	
City 3	XX-XX	XX-XX	Favorable, some concerns	Favorable, some concerns	Favorable, some concerns	Favorable, some concerns	
City 4	XX-XX	XX-XX	Least favorable	Least favorable	Favorable, some concerns	Least favorable	
City 5	XX-XX	XX-XX	Favorable, some concerns	Favorable, some concerns	Favorable, some concerns	Favorable, some concerns	
City 6	XX-XX	XX-XX	Favorable, some concerns	Favorable, some concerns	Favorable, some concerns	Favorable, some concerns	
City 7	XX-XX	XX-XX	Favorable, some concerns	Favorable, some concerns	Favorable, some concerns	Favorable, some concerns	
City 8	XX-XX	XX-XX	Favorable, some concerns	Favorable, some concerns	Favorable, some concerns	Favorable, some concerns	
City 9	XX-XX	XX-XX	Favorable, some concerns	Favorable, some concerns	Favorable, some concerns	Favorable, some concerns	
City 10	XX-XX	XX-XX	Favorable, some concerns	Favorable, some concerns	Favorable, some concerns	Favorable, some concerns	
City 11	XX-XX	XX-XX	Favorable, some concerns	Favorable, some concerns	Favorable, some concerns	Favorable, some concerns	
City 12	XX-XX	XX-XX	Favorable, some concerns	Favorable, some concerns	Favorable, some concerns	Favorable, some concerns	
City 13	XX-XX	XX-XX	Favorable, some concerns	Favorable, some concerns	Favorable, some concerns	Favorable, some concerns	
City 14	XX-XX	XX-XX	Favorable, some concerns	Favorable, some concerns	Favorable, some concerns	Favorable, some concerns	

Key trends likely to impact demand from UK and Ireland



Source: Everest Group (2017)

Published
 Planned
 Current release

Flagship Locations Insider reports

Release date

Global Locations Annual Report 2017: Signs of Structure in a Disordered World	June 2017
"Next-wave" Location Profile – Iloilo, Philippines	September 2017
"Next-wave" Location Profiles – Krakow, Poland	October 2017
"Next-wave" Location Profiles – Belfast, Northern Ireland	October 2017
"Next-wave" Location Profiles – Monterrey, Mexico	Q4 2017
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"Next-wave" Location Profiles – Guangzhou, China.....	Q4 2017
"Next-wave" Location Profiles – Timisoara, Romania	Q4 2017

Thematic Locations Insider reports

Talent Model and Location Hotspots for Service Delivery Automation (SDA) Center of Excellence (CoE)	July 2017
EU GDPR: Is There a Silver Lining to the Disruption?	September 2017
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What is the True Maturity of Indian Contact Center Market?	October 2017
Brexit, GDPR, and Digital Winds of Change: Disruption or Transformation of Service Delivery to the UK and Ireland?	October 2017
Poland Tier-2/3 Cities: Diverse Value Propositions For Service Delivery	Q4 2017
Betting on the Future – The Bangladesh IT-ITeS Industry is Poised for Growth.....	Q4 2017
Growth in FinTech/Blockchain Markets and Implications on Talent and Locations.....	Q4 2017

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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 or complementary content that may be of interest

- 1. Emergence of Western Europe for Centralized Global Service Delivery to Europe** ([EGR-2016-2-R-2266](#)); 2017. This report shares Everest Group's perspective on Western Europe as a source/delivery geography for global services. This report provides in-depth assessment of key cities in the region, focusing on talent pool, operating cost, market activity, and risk analysis
- 2. Global Locations Annual Report 2017: Signs of structure in a disordered world** ([EGR-2016-2-R-1957](#)); 2017. This report updates activity and key developments across global locations, including delivery center setup and expansion activity, perceptions and plans of buyers and providers on locations, rankings of locations by function, risk watch, and profiles of cities witnessing significant activity
- 3. Impact of Brexit on The UK Contact Center Market – The only thing certain is uncertainty** ([EGR-2017-2-V-2285](#)); 2017. This report discusses the impact of Brexit on the UK contact center market in the last one year, other indirect challenges for the contact center industry created due to Brexit, and anticipated impact of Brexit in the future

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