Upcoming Contract Renewals – Application Services

Application Services
Market Report – February 2018: Complimentary Abstract / Table of Contents

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Subscription information

- The full report is included in the following subscription(s)
  - **Application Services**
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* Banking, financial services, and insurance

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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Table of contents

Table of contents (page 2 of 2)
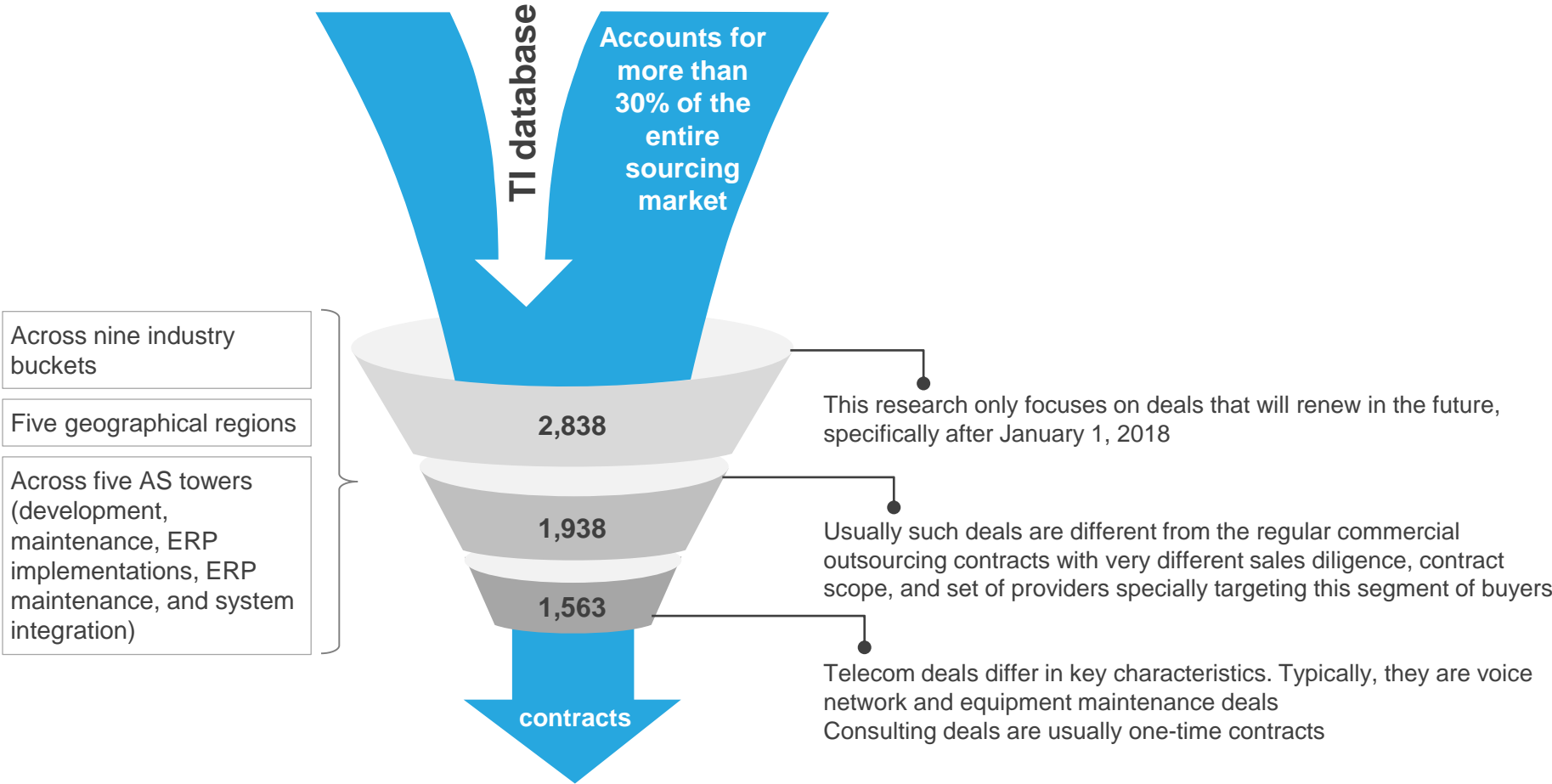
Background and methodology of the research

Background of the research

- A large portion of the sourced services market comes back to the planning/negotiating table as contracts keep expiring. Most of these deals had originally been procured via a competitive process involving Request for Proposals (RFPs), capability assessment, and short-listing of service providers
- Renewals and recompetes provide opportunity for non-incumbent players to expand their wallet shares amidst disruptive factors such as saturation, slowing growth rate, and newer and more agile competitors. It also allows buyers a chance to make course corrections based on lessons learned during the lifetime of the just-concluded engagement and adjust sourcing strategy to suit the current business environment
- In particular, buyers of application services with long-term multi-tower engagements are driving the productivity agenda hard, and are not averse to looking at alternative service providers to counter declining productivity levels
- This research analyzes renewals coming up in the next two years, with a focus on application services (AS) contracts

The scope of this report includes:

- Analysis of the ITS and BPS markets with deals in scope that are to be renewed in the future
- Key vertical, geographical, and scope-based analysis with a focus on AS and bundled contracts
- Analysis of AS and bundled contracts by scope (development, maintenance, ERP implementation, ERP maintenance, and system integration) across geographies

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The analysis shared in this research is based on Everest Group's "Transaction Intelligence Database", the most comprehensive organized record of publicly-announced outsourcing deals

TI database

Accounts for more than 30% of the entire sourcing market

Across nine industry buckets

Five geographical regions

Across five AS towers (development, maintenance, ERP implementations, ERP maintenance, and system integration)

2,838

1,938

1,563

contracts

This research only focuses on deals that will renew in the future, specifically after January 1, 2018

Usually such deals are different from the regular commercial outsourcing contracts with very different sales diligence, contract scope, and set of providers specially targeting this segment of buyers

Telecom deals differ in key characteristics. Typically, they are voice network and equipment maintenance deals
Consulting deals are usually one-time contracts

The analysis was performed on 1,563 outsourcing deals that expire on or after January 1, 2018.

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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
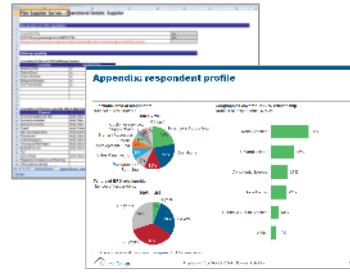- Syndicated and custom research deliverables

1 Robust definitions and framework
(PEAK Matrix, market maturity, and technology adoption/investment)
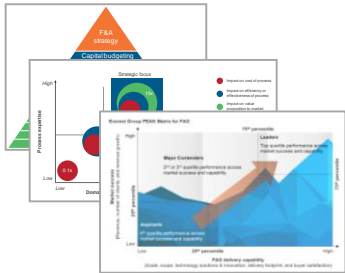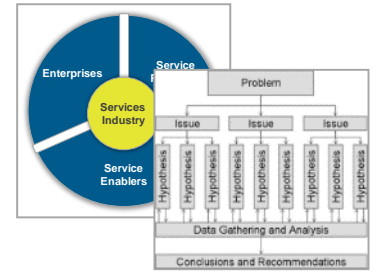

2 Primary sources of information
(Annual contractual and operational RFIs, service provider briefings, and market feedback)

3 Diverse set of market touchpoints
(Ongoing interactions with key stakeholders, input from a mix of perspectives and interests, as well as support data analysis and thought leadership)

4 Fact-based research
(Data-driven analysis with expert perspectives, trend-analysis across market adoption, contracting, and service providers)
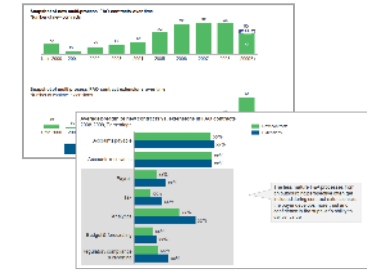
- Interaction with leading IT security service providers
- Dedicated team for IT security services adoption trends
- Over 20 years of experience in advising clients on global services decisions
- Executive-level relationships with buyers, service providers, technology providers, and industry associations

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This study offers three distinct sections providing a deep dive into key aspects of upcoming contract renewals in application services market; below are four charts to illustrate the depth of the report

Sum of TCV of deals for renewal (US$ billion)

100% =   XX   XX   XX

Bundled — X%
BPS — X%
0-12 months   XX%
12-24 months   XX%
ITS — X%

Bundled — X%
BPS — X%
ITS — X%

Sum of TCV of deals by signing geography – ITS (US$ billion)

XX

XX   XX   XX   XX   XX   XX   XX   XX   XX

North America   Western Europe   APAC   EEMEA   Latin America

Deals currently running within ITS (AS + IS) - Number of deals

- Consulting — XX
- Application maintenance — XX
- Application development — XX
- Helpdesk — XX
- Network — XX
- Desktop — XX
- Datacenter — XX
- All impending renewals — XX

AS renewal opportunities by vertical and scope

Share of TCV ■ AS ■ Bundled

High

Technology
Healthcare
Telecom
Travel & transport
Energy & utilities
BFSI
Retail
Services
Manufacturing

Deal renewal opportunity (cumulative TCV of renewals)

Low — High

Deal renewal volume (number of renewals)

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Research calendar – Application Services

Published   Planned   Current release

Flagship Application Services reports	Release date
Upcoming Contract Renewals – Application Services	**February 2018**
Application Services Annual Report 2018	Q1 2018
Enterprise Pulse – Study on digital and IT Services	Q1 2018
DevOps PEAK Matrix™ Assessment and Market Update	Q1 2018
GDPR Solutions PEAK Matrix™ Assessment and Market Update	Q2 2018
Enterprise QA PEAK Matrix™ Assessment and Market Update	Q2 2018
Automation in Application Dev-test PEAK Matrix™ Assessment and Market Update	Q2 2018

Thematic Application Services reports	Release date
AI Trailblazers	Q2 2018
Crowdsourcing in Application Services	Q3 2018
BigTech Wars - Enterprise platforms	Q3 2018
Securing the SDLC: Now is a good time to start	Q3 2018

Note: For a list of all Application Services reports published by us, please refer to our website page

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Additional ITS research references

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 which may be of interest

1. **Application Services – Annual Report 2017: "Artificial Intelligence (AI) in SDLC? There is a Long Journey Ahead"** (EGR-2017-4-R-2145), 2017. This annual research deep dives into the application services landscape. It provides data-driven facts and perspectives on the overall market. The research covers AS adoption trends, demand drivers, next-generation services such as, Agile and DevOps. The research analyzes buyer challenges, trends shaping the market, and also provides an outlook for 2017-2018 for the broader IT services as well as application services market

2. **Upcoming Contract Renewals – Application Services** (EGR-2017-4-R-2097), 2017. The report 'Upcoming Contract Renewals – Application Services' includes data and insights, specific to deals nearing end of term, expanding on analysis of IT and BPS deals nearing end of term by buyer geography and buyer industry, trends in AS and bundled deal renewals by buyer industry, buyer geography, and service provider category, and analysis of infrastructure services contract renewals by scope across geographies

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

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