



Global In-house Center (GIC) Landscape Annual Report 2018 – GICs Emerging as Innovation CoEs for Global Enterprises

Catalyst™

Annual Report – May 2018: Complimentary Abstract / Table of Contents

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Table of contents (page 1 of 2)

Topic	Page no.
Background and scope	6
Summary of key messages	8
Section I: Overview of the GIC landscape	13
• Summary	14
• Global offshore services and the GIC market: size and growth	15
• Characteristics of parent organizations	18
• Distribution of the GIC landscape by	
– Headcount, delivery location, functions served, and revenue	19
– By vertical	20
– Functions supported	23
Section II: GIC landscape – 2017 year in review	24
• Summary	25
• Trends in GIC setups	26
– Digital overview	27
– By parent company revenue and geography	28
– Industry vertical and delivery location	29
– Functions supported	30
• Overview of GIC divestitures	31

Table of contents (page 2 of 2)

Topic	Page no.
Section III: Trends in the GIC market	32
• Summary	33
• Heatmap of GIC activity	34
– Distribution by city tier	35
– GIC activity by regions:	36
– GIC activity in established and emerging delivery locations	41
• Deep dive into key verticals and functions	53
– Banking, Financial Services, and Insurance (BFSI)	57
– Energy and Utilities (E&U)	59
– Healthcare	61
– Manufacturing	63
– Retail & Consumer Packaged Goods (CPG)	65
– Technology & communication	67
Section IV: Role of GICs in driving innovation for global enterprises	69
Appendix	78
• List of divestitures	79
• Recent GIC setups	82
• Glossary of key terms	102
• Catalyst™ research calendar	103
• References	104

Overview and abbreviated summary of key messages

This report provides a deep dive into the GIC landscape and a year-on-year analysis of the GIC trends in 2017, comparing them with trends in last two years. The research also brings out key insights into the GIC market across locations, verticals, and functions and concludes with an assessment of the role played by GICs to drive innovation for the enterprises.

Some of the findings in this report, among others, are:

Overview of the GIC landscape

- The GIC segment accounted for ~25% of the global offshore services market (estimated at ~US\$185 billion in 2017)
- The GIC market has now grown to reach more than 2,800 centers and more than 1.3 million FTEs across leading offshore and nearshore locations. The activity is expected to continue, as GICs that traditionally served as back-office delivery centers are now becoming strategic partners to enterprises, playing a significant role in their digital transformation journey

GIC landscape – 2017 year-in-review

- GIC activity increased in 2017, with 155 new setups compared to 142 in 2016. The growth can be attributed to an upsurge in the setting up of centers to support R&D/engineering services and digital services across multiple geographies
- In 2017, the share of APAC-based firms in new GIC setups increased, while the share of U.S.-based firms declined marginally. The technology and communication vertical continued to dominate the new GIC setup market with the maximum number of new centers during 2017
- The R&D/engineering services function witnessed significant growth; approximately 46% of the new GIC setups in 2017 supported digital services

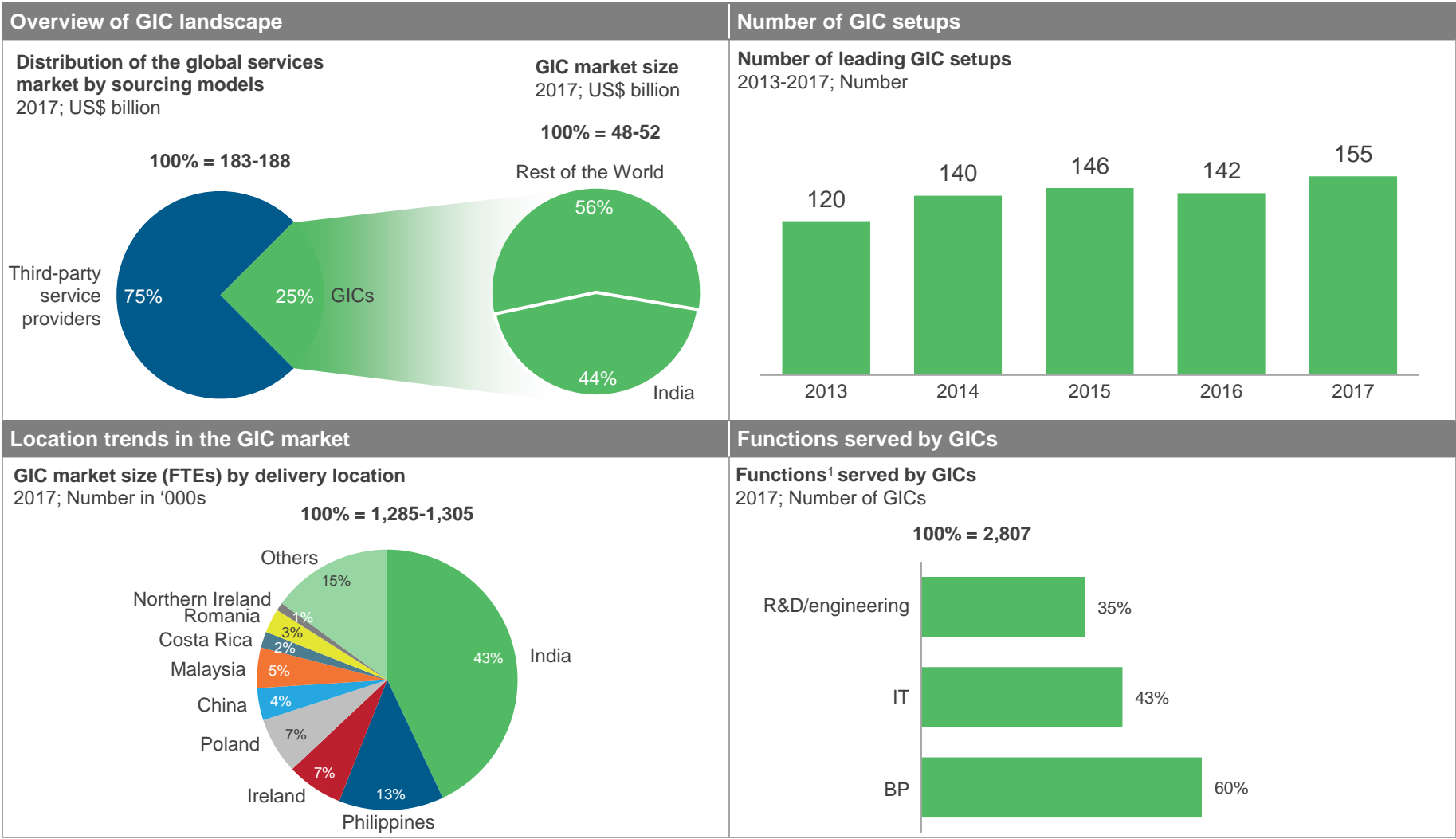
Trends in the GIC market

- India, Rest of Asia, Latin America, Middle East & Africa witnessed increased activity in 2017, on the other hand, CEE and RONE reported a fall in activity
- GIC set-up activity in tier-1 and tier-2/3 locations continued to remain in line with 2016
- While technology & communication firms led GIC activity, followed by BFSI, manufacturing, and healthcare, emerging verticals such as retail & CPG, and business & professional services also set up GICs for BP and IT functions. Technology & communication firms witnessed increased activity for setting up centers supporting R&D/engineering activity during 2017

Role of GICs in driving innovation for global enterprises

- Enterprise-wide perspective, deep domain & process expertise, and access to niche skills at a favorable cost put nearshore/offshore GICs in a unique position to drive innovation for global enterprises
- Leading GICs are collaborating with the external ecosystem such as startups to build flexibility in their innovation operating model
- Leading GICs are adopting several best practices to foster innovation. These include dedicated investments for innovation, special “recognition” for thought leadership, and driving customer centricity to grow beyond the service delivery mindset

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



Research calendar – Catalyst™

■ Published ■ Planned ▭ Current release

Flagship Catalyst reports

Release date

GIC Landscape Report: Delivery Landscape for Retail and Commercial Banking in GICs	June 2016
Global In-house Center (GIC) Landscape Report: The Philippines	December 2016
Global In-house Center (GIC) Landscape Annual Report 2017	March 2017
Global In-house Center (GIC) Landscape Annual Report 2018 – GICs Emerging as Innovation COEs for Global Enterprises	May 2018

Thematic Catalyst reports

Collaboration between GICs and Startups : 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
Exploring GICs in the Life Sciences Industry	February 2017
Small But Mighty: Corporate Functions Delivery from GICs	April 2017
United States Shared Services Landscape – Facing Digital Winds-of-Change in a Tight Labor Market	September 2017
Building a Workforce of the Future – Upskilling/Reskilling in Global In-house Centers	December 2017
Best Practices for RPA Implementation in GICs	December 2017
BFSI GICs: Orchestrating Their Way to Digital Growth	December 2017
Viewpoint IT skills of the future	April 2018
Digital Maturity in GICs Pinnacle Model™ Assessment 2018	May 2018

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Additional Catalyst™ 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. **BFSI GICs: Orchestrating Their Way to Digital Growth** ([EGR-2017-2-R-2515](#)); 2017. While digital adoption has been part of the strategy of BFSI GICs for some time, its broad-based emergence in the past few years is offering a new and powerful tool to GICs to create compelling avenues for the next wave of productivity and value addition for their parent enterprises. During the period between 2015-2017, GICs, especially in the BFSI vertical, have made multiple rounds of investments to embrace digital technologies, recalibrate talent models, and foster a culture of innovation in their organizations. This report looks at the evolution of their journeys, current state of digital adoption, key challenges faced, and best practices adopted.
2. **Building a Workforce of the Future – Upskilling/Reskilling in Global In-house Centers** ([EGR-2017-2-R-2499](#)); 2017. Skills and competencies required by GICs to deliver services are changing rapidly. In addition to the need for different skills in the future, the talent challenges for GICs will intensify with the increasing automation of the existing services portfolio. As a result, GICs face the dual risks of a large existing workforce with multiple skills that are likely to become redundant, while struggling to find external talent with the skills required for the future. In this research, we surveyed senior leaders from 80+ GICs across leading offshore/nearshore locations to gather perspectives on nature of skills/competencies needed for the future, and the roles GICs can play to help address these changing skill requirements
3. **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. The research 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

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