



“Next-wave” Location Profile – Bangalore, India

Locations Insider™ (LI)

Market Report – July 2018: 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

This report provides perspectives on key aspects of the global sourcing market in Bangalore

Bangalore | Quick snapshot



Mature location for global delivery of IT-BP services; significantly leveraged to support both traditional and digital processes

KEY FACTOIDS

85,000-95,000 annual tertiary graduates

Annual operating cost per 1,000 employees over savings

Current overview

- High maturity across all functions (IT, BP, KP, and CC) as evidenced by presence of multiple global players with scaled operations (5,000+ FTEs)
- IT services dominates the global sourcing landscape, followed by BPS and knowledge services; evidence of players supporting engineering and R&D services as well
- Leading offshore location for supporting emerging/digital services (e.g., IoT, ML, and AI)

Key drivers

- Access to large talent pools at both entry and experienced levels, coupled with lower cost of operations (than most offshoring geographies)
- High maturity to support complex ITS and industry-specific BPS with significant cross-functional expertise
- Strong government support for IT-BPS sector with multiple financial incentives
- Well-developed infrastructure, high ease of doing business, and low risk of natural disasters

Key challenge

- High competitive intensity of multiple players vying for talent
- Some concerns around talent availability affecting overall quality
- Concerns around high traffic intensity and large commute times to work

KEY PLAYERS:



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Bangalore | Risk profile (page 1 of 2)

Stable geopolitical and macroeconomic environment with limited concerns for global services delivery

Parameter	Everest Group rating	Comments
Geopolitical	Highly favorable	<ul style="list-style-type: none"> • Stable business environment with investor-friendly central and state government • India holds 42nd rank among 167 countries in the Democracy Index 2018 compiled by the Economist Intelligence Unit (EIU) <ul style="list-style-type: none"> – While India's ranking came down from 32nd position in 2017 driven by rise of conservative religious ideologies, the IT-BP operations remain largely unaffected • Some concerns regarding relationships with Pakistan and China; however, limited impact on business operations
Macroeconomic	Favorable, some concerns	<ul style="list-style-type: none"> • Stable macroeconomic fundamentals with the GDP forecasted to growth at a robust 7.4% in 2018 after growing at 6.7% in 2017 <ul style="list-style-type: none"> – This is largely driven by recovery expected from the effects of disruptions associated with currency exchange initiatives in 2016 and transition costs related to launch of national goods and services tax in 2017 • Stable outlook maintained by leading rating agencies – Moody's, S&P, and Fitch • Although the fiscal and public debt remains substantial, rapid workforce growth, an expanding middle class, and ongoing productivity shift from agriculture to services, will improve macroeconomic stability
Infrastructure	Favorable, some concerns	<ul style="list-style-type: none"> • Bangalore offers favorable infrastructure facilities and public transportation system through extensive road, rail, and air network <ul style="list-style-type: none"> – Strong international connectivity driven by presence of an international airport with direct flights to multiple countries – Some concerns around the high traffic intensity and large commute times to work • At an overall level, India is ranked 66th out of 137 countries by WEF indicating moderate quality of infrastructure

Source: Everest Group (2018); EIU; World Bank; Moody's; interviews with market participants



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Research calendar – Locations Insider™

■ Published ■ Planned □ Current release

Flagship Locations Insider™ reports

Release date

"Next-wave" Location Profiles – Chengdu, China	January 2018
"Next-wave" Location Profiles – Atlanta, United States	January 2018
"Next-wave" Location Profiles – Manchester, United Kingdom	February 2018
Global Locations Annual Report 2018: Service Delivery Portfolios in a Disrupted World	June 2018
"Next-wave" Location Profile – Timisoara, Romania	June 2018
"Next-wave" Location Profiles – Santiago, Chile	June 2018
"Next-wave" Location Profile – Bangalore, India	July 2018
"Next-wave" Location Profiles – Johannesburg, South Africa	Q3 2018

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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. **Global Locations Annual Report 2018: Service Delivery Portfolios in a Disrupted World** ([EGR-2018-37-R-2646](#)); 2018. The Global Locations Annual Report 2018 is a unique and comprehensive guide to understanding the nuances of the global services locations landscape and interpreting locations-related developments and trends to frame locations strategy. This report has three tenets – Key Trends Shaping the Landscape, Risk Watch, and Locations PEAK Matrix. 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 relative maturity, arbitrage, and potential of locations for multiple functions
2. **“Next-wave” Location Profile – Guangzhou, China** ([EGR-2018-37-R-2628](#)); 2018. This report analyzes Guangzhou and offers perspectives on global sourcing profile of Guangzhou, key opportunities, drivers, and challenges, along with an overview of talent availability, operating costs, and environment risks
3. **IT Services Delivery from APAC** ([EGR-2017-2-R-2137](#)); 2017. While IT services delivery in the Asia Pacific region has traditionally been centered predominantly in India, companies have shown increased interest in exploring alternative locations such as the Philippines, China, Malaysia, Singapore, and even destinations such as Sri Lanka and Vietnam. In addition to offering lower cost than onshore United States and Europe, each of these locations has a unique value proposition, making them attractive choices for setting up alternative delivery centers / regional hubs for IT operations. This report provides a detailed assessment of location options within the Asia Pacific region for global IT service delivery

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