



## Location Spotlight – India

Locations Insider™ (LI)

Market Report – June 2019: 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 India

## India | At a glance



The largest global services delivery location with attractive cost-talent proposition, high maturity across all functions.

### KEY FACTOIDS

6,000,000 – 7,000,000 annual tertiary graduates

Annual operating cost per FTE  
80-85% savings over Dallas  
77-82% savings over Croydon

### Current overview

- The GIC market size in India stood at ~2.7 million FTEs globally, with IT and BP contributing ~55% and 45%, respectively
- Leading offshore location with presence of multiple global players with scaled operations
- High maturity across all functions (IT, BP, KP, and CC)
- Tier-1 locations (e.g., Bangalore, Hyderabad, and Chennai) are maturing as preferred destinations for supporting emerging/digital services such as Internet of Things (IoT), Machine Learning (ML), and Artificial Intelligence (AI)

### Key drivers

- Access to large talent pools, at both entry and experienced levels, across all the functions with increasing pool for emerging technologies
- Offers substantial cost saving compared to most offshoring geographies
- Strong government support for IT-BPS sector with multiple financial incentives and improving ease of doing business
- Sizeable set of tier-1 and tier-2 locations with well-developed ecosystem for global delivery

### Key challenges

- Tier-1 locations (e.g., Bangalore, Hyderabad) are facing high competitive intensity with multiple global players scaling up operations
- Tier-2 locations (e.g., Jaipur, Kochi) face concerns around infrastructure and talent availability
- Concerns around geopolitical stability due to escalation of territorial disputes with neighboring countries

KEY PLAYERS:



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## India | Risk profile (page 1 of 2)

Stable and improving economy and infrastructure; however, concerns exist around geopolitical risks due to escalation of territorial disputes

Parameter	Everest Group rating	Comments
Geopolitical		<ul style="list-style-type: none"> <li>In 2019, India hosted national elections; the pro IT-BP policies are expected to continue, irrespective of outcome</li> <li>India holds 42<sup>nd</sup> rank among 167 countries in the Democracy Index 2018, moving up one rank as compared to 2017</li> <li>Concerns exist around territorial disputes with neighboring countries, particularly Pakistan and China                             <ul style="list-style-type: none"> <li>Conflicts between India and Pakistan escalated in early 2019 post terror attacks on the Indian Army in the northern state of Jammu and Kashmir. This led to cross-border air strikes by the two countries</li> <li>Gradual de-escalation in tension has been witnessed in latter part of Q1 2019</li> <li>Territorial dispute with China has subsided with ongoing talks on bilateral counter-terrorism</li> </ul> </li> <li>Overall, the impact of territorial disputes has been minimal on global services industry</li> </ul>
Macroeconomic		<ul style="list-style-type: none"> <li>After a slowdown in 2017-2018, triggered primarily by demonetization and GST, the economic momentum has returned. However, some concerns exist around rising inflation and currency depreciation</li> <li>GDP rate for 2018-2019 is estimated to improve to 7.5-7.8%, as compared to 6.7% in 2017-2018</li> <li>High inflation rates have traditionally been a cause of concern, however, there has been a marked improvement in the recent years</li> <li>Currency has been depreciating over the last few years. Going forward, it is expected to remain volatile in 2019, driven primarily by widening current-account deficit and capital outflows.</li> <li>Rating agencies such as Fitch and Standard &amp; Poor's have maintained a stable outlook for the economy</li> </ul>
Infrastructure		<ul style="list-style-type: none"> <li>Although there are gaps between the required and available infrastructure, the situation is improving fast; India is taking concrete steps to improve the overall infrastructure</li> <li>Government has significantly increased infrastructure spending (by 20% over last financial year) in the Union Budget of 2018-2019</li> <li>It is improving overall infrastructure by easing FDI and undertaking projects such as "smart city" and "mega road program"</li> <li>India climbed five positions to 58<sup>th</sup> out of 140 economies in the Global Competitiveness Report of the World Economic Forum</li> </ul>

Source: Everest Group (2019); EIU, WEF Global Competitiveness Report, World Bank



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# Research calendar – Locations Insider

Published
  Planned
  Current release

## Flagship Locations Insider reports

### Release date

"Next-wave" Location Profile – Barcelona, Spain	March 2019
"Next-wave" Location Profile – Tampa, Florida, The United States	March 2019
Location Spotlight – The Philippines	March 2019
Location Spotlight – Guadalajara, Mexico	May 2019
Location Spotlight – Hyderabad, India	May 2019
Location Spotlight – San Jose, Costa Rica	May 2019
<b>Location Spotlight – India</b>	<b>June 2019</b>
Global Locations Annual Report 2019	Q2 2019
"Next-wave" Location Profile – Chennai	Q2 2019

## Thematic Locations Insider reports

Global Hotspots – Analytics in BFSI	Q2 2019
Regional Handbook: Focus on Digital Services Talent in Europe	Q2 2019
Global Handbook – Focus on Language Skills Availability Across the World	Q3 2019
Changing Fortunes of Delivery Locations – How Macroeconomic Factors Impact Delivery Locations?	Q3 2019
Global Handbook – Focus on Next-Gen Skills Across the World	Q3 2019
What is the Role of Global Delivery Model in an Agile Construct?	Q4 2019
Regional Handbook – Focus on FinTech Talent in the U.S.	Q4 2019

Note: For a list of all of our Locations Insider™ reports, please visit the [Locations Insider™](#)

# Additional research references

The following documents are recommended for additional insight into the topics 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 understand 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. **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
3. **“Next-wave” Location Profile – Bangalore, India** ([EGR-2018-37-R-2725](#)); 2018. This report analyses and offers perspectives on global sourcing profile of Guangzhou, key opportunities, drivers, and challenges, along with an overview of talent availability, operating costs, and environmental risks
4. **“Next-wave” Location Profile – Pune, India** ([EGR-2017-2-LP-2215](#)); 2017. This report analyses Pune and offers perspectives on global sourcing profile of Iloilo, key opportunities, drivers, and challenges, along with an overview of talent availability, operating costs, and environmental risks

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