



## Market Vista™: Select Findings Q1 2020

Data and Analysis – October-December 2019

# An overview of our research offerings

▶ **Market Vista™**  
Global services tracking across functions, sourcing models, locations, and service providers – industry tracking reports also available

- |   |                                      |
|---|--------------------------------------|
| ▶ Application Services                    | ▶ Human Resources                    |
| ▶ BPS   Banking & Financial Services      | ▶ ITS   Banking & Financial Services |
| ▶ BPS   Healthcare & Life Sciences        | ▶ ITS   Healthcare                   |
| ▶ BPS   Insurance                         | ▶ ITS   Insurance                    |
| ▶ Catalyst™                               | ▶ IT Services Executive Insights™    |
| ▶ Cloud & Infrastructure                  | ▶ ITS   Life Sciences                |
| ▶ Customer Experience Management Services | ▶ Locations Insider™                 |
| ▶ Data & Analytics                        | ▶ PricePoint™                        |
| ▶ Digital Services                        | ▶ Procurement                        |
| ▶ Engineering Services                    | ▶ Recruitment & Talent Acquisition   |
| ▶ Enterprise Platform Services            | ▶ Service Optimization Technologies  |
| ▶ Finance & Accounting                    |                                      |

## Membership information

- This report is included in the following research program(s)
  - [Market Vista](#)
- If you want to learn whether your organization has a membership agreement or request information on pricing and membership options, please contact us at [info@everestgrp.com](mailto:info@everestgrp.com)

## More about membership

In addition to a suite of published research, a membership may include

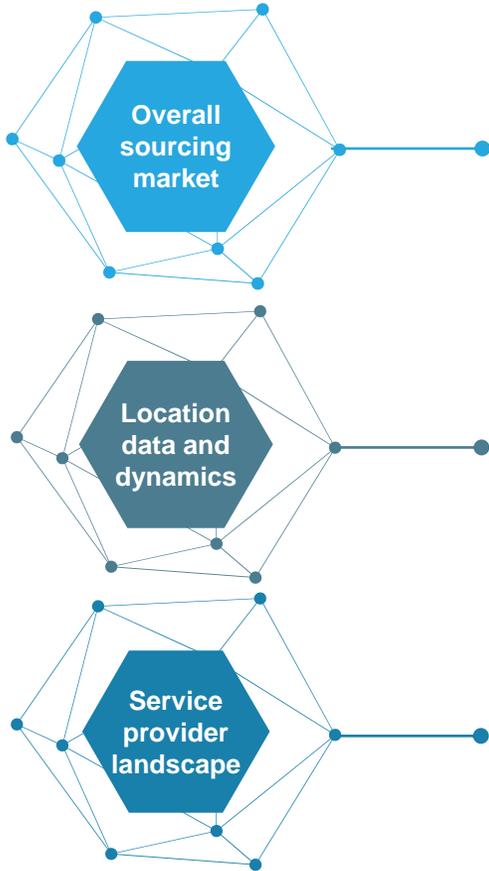
- Accelerators™
- Analyst access
- Data cuts
- Pinnacle Model® reports
- PriceBook
- Virtual Roundtables
- Workshops

## Custom research capabilities

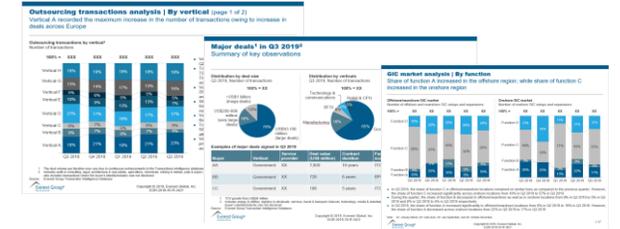
- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

# Market Vista | Overview

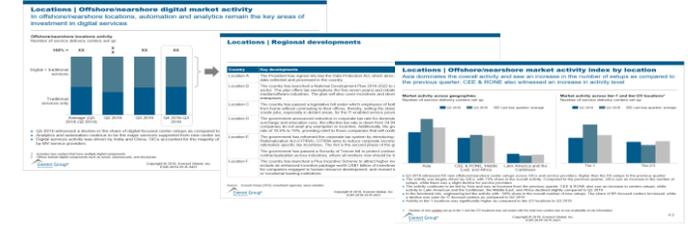
Covers global services market research, analysis, and insights to demystify the market and direct clear, impactful decisions



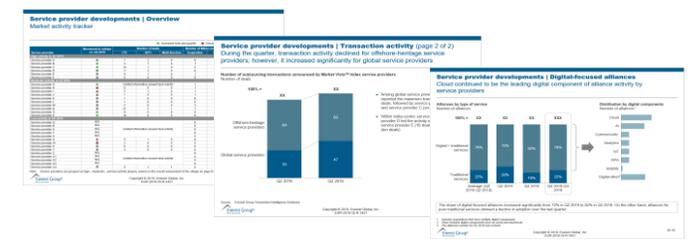
- Outsourcing transactions and GIC center set ups – detailed analysis by industry vertical and geography
- Distribution of transactions by traditional and digital services and split by digital components
- Report of transactions by deal size, volume, and geography
- GIC set ups and expansions by key functions delivered



- Data on center set up market activity in both offshore and onshore geographies
  - Center set up (overall and by city tier–1/2/3)
  - Distribution by traditional and digital services
  - Distribution of set ups by digital components
- Regional developments across locations



- Updates on service provider market activity (number of deals, M&As, alliances, new center set ups)
- Service provider developments, including financial performance (revenue, operating margins), transactions, location footprint, M&A activity, and digital-focused alliances



- Quarterly reports and annual report
- Global sourcing adoption report
- Location database
- Blogs/ viewpoints
- Webinars / market briefings
- Global services market pressing issues report
- Analyst consultation

# Global services dashboard: Q4 2019

## Outsourcing/offshoring market overview

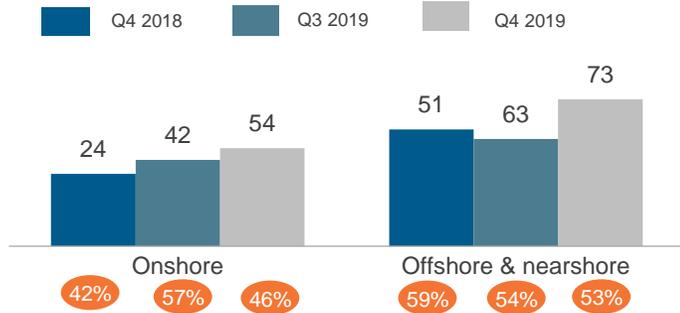
While outsourcing demand witnessed a decrease, share of digital deals increased compared to the previous quarter<sup>1</sup>

Number of outsourcing transactions



GIC activity increased vis-a-vis Q3 2019

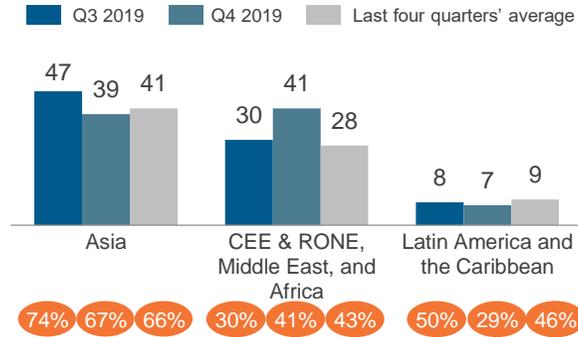
Number of new GIC setups and expansions



## Offshore/nearshore location dynamics

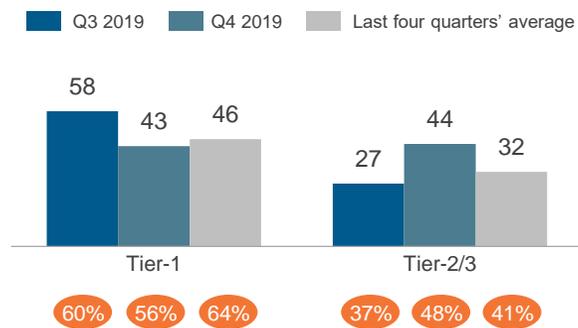
Asia witnessed a decline in activity, while CEE & RONE and Middle East & Africa saw an increase compared to Q3 2019

Number of delivery center setups



Share of tier-1 and tier-2/3 locations was largely similar in Q4 2019 with tier-2/3 witnessing a marginally higher number of setups

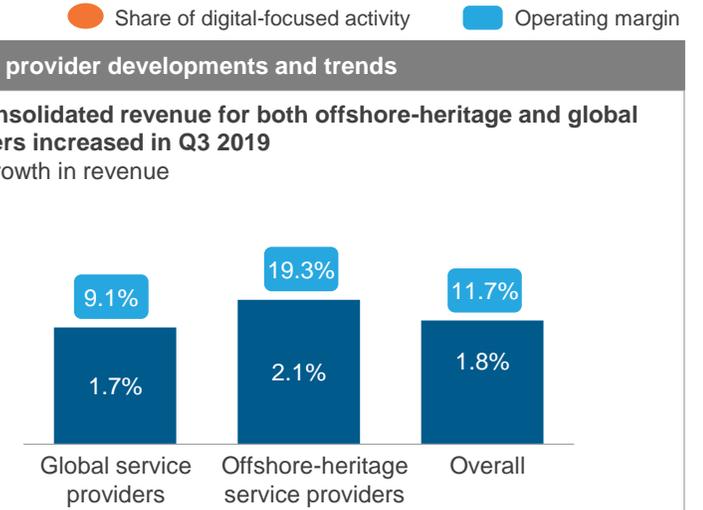
Number of delivery center setups



## Service provider developments and trends

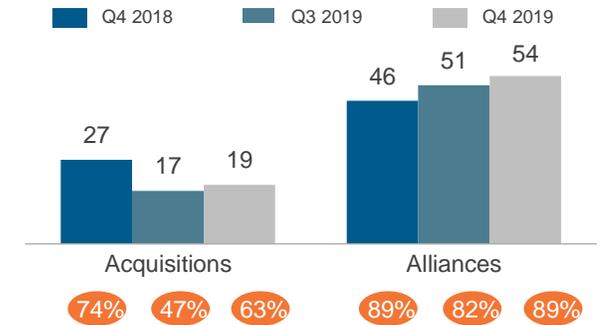
The consolidated revenue for both offshore-heritage and global providers increased in Q3 2019

QOQ growth in revenue



Both acquisition and alliance activity increased, compared to the previous quarter

Number of acquisitions and alliances



<sup>1</sup> The considerable increase in deal volume is due to the revised methodology regarding scope of services (mainly inclusion of digital deals) from Q2 2018 onward  
 Note: Digital details around each parameter are added in respective sections

# Global services | Key market trends in Q4 2019



Cloud demand in retail and CPG sector increased as enterprises look to enhance omnichannel customer experiences by leveraging cloud technologies

Increase in GIC setup activity across both offshore/nearshore and onshore locations, largely driven by the manufacturing sector

The Middle East and Africa witnessed a jump in activity, primarily driven by growth in engineering-focused GIC setups

Rise in center setups activity in tier-2/3 locations as both GICs and service providers are increasingly exploring smaller cities, especially in mature markets such as India, Ireland, and Poland

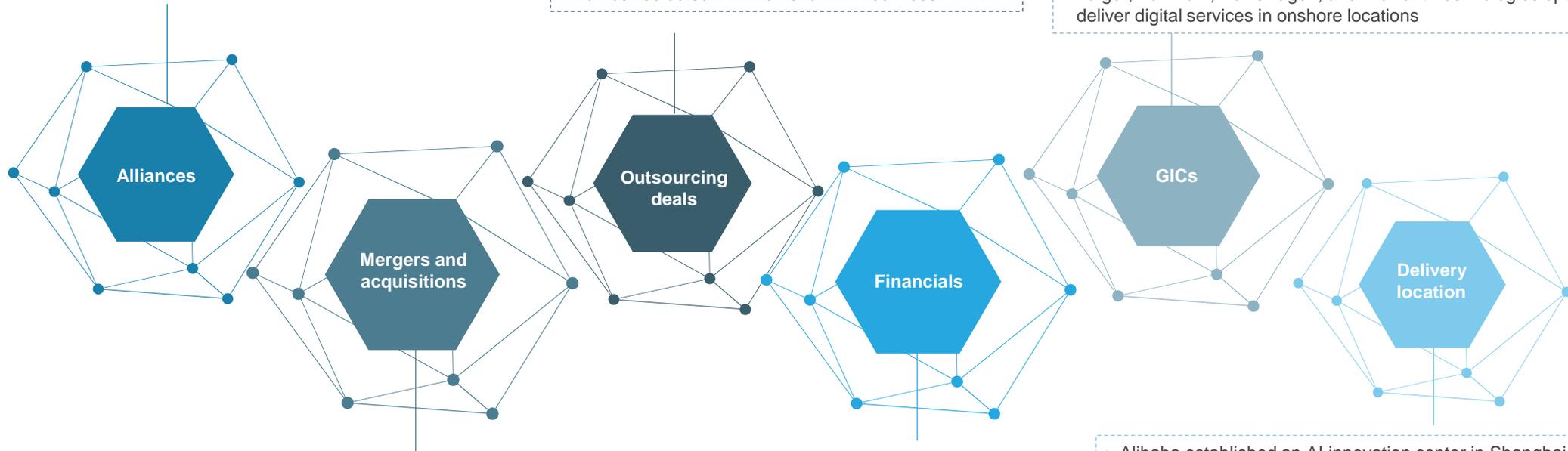
# Key developments in the digital space – Q4 2019

## Digital-focused activity

- Altran Technologies partnered with Phluido to co-create a containerized long-term evolution Radio Access Network (RAN) solution to help operators align their 4G and 5G network deployment strategy
- Capgemini partnered with Amazon Web Services to focus on broader technical training to help North American clients improve their business performance and transform digitally

- Bayer selected Capgemini for cloud and analytics services
- Air Force Research Laboratory (US) selected CACI International for AI services
- US Army selected General Dynamics Information Technology for cyber security services
- Turkcell selected P.I. Works for RPA services

- Enterprises such as Alibaba Group, Bank of America, Boeing, Intel, Microsoft, Nokia, PricewaterhouseCoopers, Samsung, Siemens, Toyota Motor, and Xiaomi opened GICs to provide digital services in offshore and nearshore locations
- Enterprises such as AIA Australia, Honeywell International, INA Schaeffler Group, Kenco, Konica Minolta, Mavenir Systems, OneSpan, Siemens, Taiger, TomTom, Volkswagen, and Warrant Technologies opened GICs to deliver digital services in onshore locations



- Leading providers such as Accenture, Atos, Cognizant, DXC Technology, and NTT Data continued to expand their digital capability through acquisitions
- During the quarter, Accenture acquired Clarity Insights to strengthen its AI, Machine Learning (ML), analytics, and data science capabilities and to expand its engineering business in North America. Around 350 employees will join Accenture's Applied Intelligence business, as part of the acquisition

- TCS' digital revenue accounted for 33.2% (~US\$1,831 million), a sequential increase of ~12%
- DXC reported a strong double-digit sequential and YOY growth in digital revenue

- Alibaba established an AI innovation center in Shanghai, China, to develop embedded chips and processors for AI-based applications
- Baufest established a delivery center in Monterrey, Mexico, to focus on digital transformation services
- Accenture opened a NanoLab in Medellin, Colombia, to help local clients accelerate adoption of emerging technologies such as AI, quantum computing, robotics, cybersecurity, and blockchain

# Market Vista™ Index service providers

## Global service providers

## Offshore-heritage service providers

1 Pure-play engineering service providers  
 2 Xerox spun off its business services division to create Conduent  
 3 Convergys was acquired by Concentrix  
 4 DXC Technology was created through the merger of CSC and the enterprise services business of Hewlett Packard Enterprise (HPE)  
 5 Report covers only the services division of Fujitsu that is referred to as Fujitsu Services  
 6 Report covers the services division of IBM that is referred to as IBM Global Services (IBM GS)  
 7 NTT Data acquired Dell Services and the acquired entity is now called NTT Data Services

# Additional research recommendations

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The following documents are recommended for additional insight into the topic covered in this report. The recommended documents either provide additional details on the topic or complementary content that may be of interest:

1. **Market Vista™ Q4 2019** ([EGR-2019-35-R-3421](#)); 2019. This report summarizes the key trends and developments for Q3 2019 in the global offshoring and outsourcing market
2. **Global Services Market Pressing Issues in 2020: Enterprises' Perspective** ([EGR-2020-35-R-3554](#)); 2020. The Global Services Market Pressing Issues are unique reports, based on annual surveys, that capture the pulse of the market on key aspects of global sourcing industry. Everest Group interviewed senior stakeholders across enterprises in November 2019, to understand their thoughts as they underwent the planning the process for the year 2020. This report highlights the enterprises' growth sentiments, key priorities, challenges, and outlook for 2020, with a deep dive into sourcing and procurement stakeholder groups
3. **Market Vista™: Industry Insights – Healthcare** ([EGR-2020-35-R-3547](#)); 2020. The Global Sourcing Adoption Trends reports are new additions to our flagship Market Vista™ offering. These are unique reports that cover enterprise-specific view of global sourcing adoption and maturity, specific to key sectors. The report reflects the benchmarks and trends specific to all the leading North America and Europe-based healthcare majors as well as leading service providers in this sector. This report will be useful for healthcare firms, their GICs, as well as service providers as part of ongoing initiatives to assess sector-specific benchmarks and insights
4. **Advanced Locations Tool (ALT)**: Covering 200+ locations globally, Advanced locations tool (ALT) provides access to data for 11 horizontal and 16-BFSI specific functions across various parameters. The tool is preconfigured for commonly used structure with flexibility to modify analysis format. Moreover, the choice of cities and analysis can be customized as per client's requirements

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## About Everest Group

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