

Industry Insights – Oil and Gas

October 2020: Complimentary Abstract / Table of Contents



Our research offerings for global services

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

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

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

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

Contents

1. Overview, scope, trends, and value chain	05
2. Leading offshore locations leveraged for service delivery	14
3. Offshore penetration and sourcing mix across key functions in oil and gas	15
4. Global sourcing maturity across functions in oil and gas	20
5. Adoption of digital in oil and gas	27
6. Impact of COVID-19 crisis	31
7. Glossary	33

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

Ranjith Reddy, Senior Analyst – Global Sourcing

Sana Jamal, Senior Information Specialist – IS

Background of the research

Background of the research

The report provides fact-based data and analysis on key trends and developments in global outsourcing for the Oil and Gas (O&G) industry. The report captures key developments across offshore locations leveraged for service delivery, offshore penetration and sourcing mix, global sourcing maturity, and adoption of digital services in the O&G industry. Additionally, it presents upcoming opportunities, implications, and challenges for service providers and enterprises in the next normal

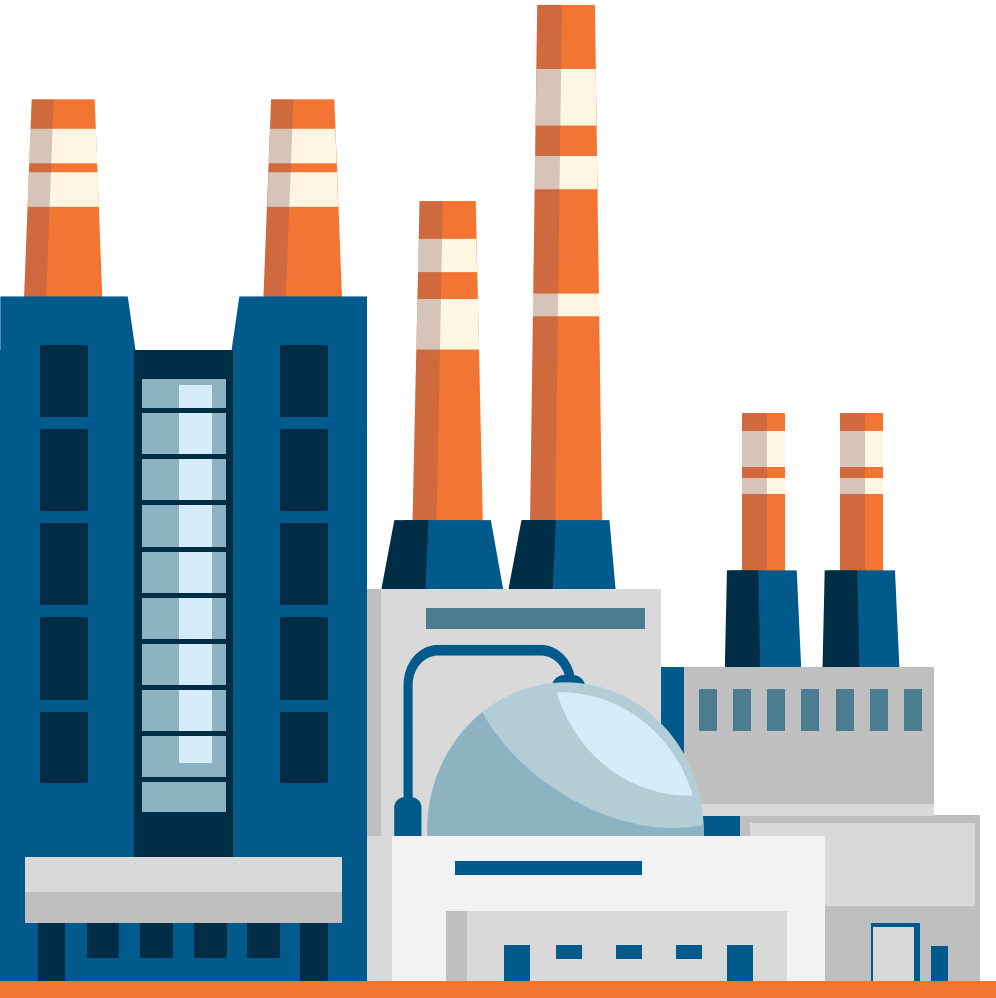
The scope and methodology of this report includes:

- Key trends for global sourcing in O&G industry
- Leading offshore locations leveraged for service delivery
- Offshore penetration and sourcing mix across key functions - these include O&G operations, IT-ADM & infrastructure, corporate functions (F&A, HR, and procurement), and digital services (analytics, automation, Artificial Intelligence (AI) / Machine Learning (ML) / cognitive, cloud, Internet of Things (IoT), and blockchain)
- Global sourcing maturity across key functions – O&G operations, IT services (ADM and infrastructure), corporate functions, and digital functions
- Adoption of digital services (analytics, automation, Artificial Intelligence (AI) / Machine Learning (ML) / cognitive, cloud, Internet of Things (IoT), and blockchain) in O&G
- Next Normal crisis and challenges

In this research study, we analyze the O&G global market landscape and its changing dynamics. We focus on:

- The global sourcing adoption of both GBS centers and third-party service providers by leading O&G firms
- Examples of key market participants:
 - Oil and gas enterprises – ExxonMobil, British Petroleum, Total, Royal Dutch Shell, Chevron, Halliburton, Schlumberger, and Baker Hughes
 - Global service providers supporting oil and gas activities – IBM, Accenture, Atos, CGI Group, Capgemini, AT&T, Wipro, HCL, T-Systems, Wipro, and TCS
 - Other specialist service providers supporting oil and gas activities – Saipem, Petrofac, and John Wood Group

Introduction



- Although, global economies continue to rely heavily on the O&G industry, there has been a decline in profit margins over the last few years (lowest in several decades) with deteriorating balance sheets, due to heightened competition and growing demand for new/alternate sources of energy in recent years
- Amid the financial stress surrounding the oil and gas industry, buyers are focusing on enhancing digital capabilities to increase efficiency and productivity, for cost optimization. The digital adoption of oil and gas buyers is growing fast with the industry rapidly leveraging emerging technologies such as cloud, analytics, automation, mobility, and Internet of Things (IoT)
 - Both GBS and service providers are ramping up their capabilities and domain expertise by making considerable investments in this space
- Enterprises are also partnering with start-ups and other technology vendors to leverage their niche skills and ready-to-use platforms
- Key trends in the oil and gas industry are:
 - Mergers & acquisitions are expected to rise
 - Eroding profit margins
 - Intense regulatory environment
 - Focus on infrastructure
 - Energy transition

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

Key trends for global sourcing in oil and gas

Increased focus on digital transformation

There has been an active push for oil and gas companies to embrace the digital revolution, and as a result, the industry is exploring new technologies such as AI, analytics, blockchain, IoT, cloud, and cybersecurity.

Increase in scope for offshore leveraging

The offshore scale and penetration is expected to grow as most enterprises are focused on increasing offshoring adoption amidst the financial stress and the current cost pressures surrounding the O&G industry.



Building strong in-house capabilities

O&G enterprises are increasingly investing in building and developing in-house capabilities, especially for complex and judgment-oriented core operations apart from providing rule-based/transactional work to the parent company.

Tier-1/2 locations continues to be a location of choice

O&G companies are increasingly relying on third parties for services such application development, implementation, maintenance, cloud, and other digital services. As a result, service providers such as Accenture, Infosys, TCS, and LTI are continuously investing in building differentiated capabilities to innovate and enhance their value proposition

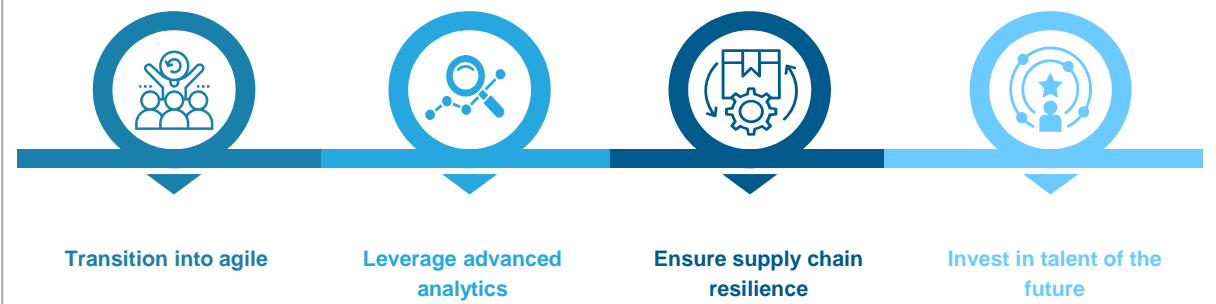
Leading offshore locations leveraged by oil and gas firms



Adoption of next-generation technologies

- 1 Abu Dhabi National Oil Company (ADNOC) selected Honeywell's asset monitoring and predictive analytics solution to drive improved asset and machinery management across ADNOC's upstream and downstream operations
- 2 Equinor selected Capgemini to support its digital center of excellence with services such as big data, exploration & visualization, statistical modelling, predictive analytics, data engineering, digital strategy, and digital service design to further develop and deliver its digital roadmap
- 3 Saudi Aramco opened an R&D center in Moscow, Russia, to develop upstream technologies in the areas of simulation & modeling, advanced materials, data analytics, and AI

Moving to the next normal



Research calendar

Market Vista™

■ Published
 ■ Planned
 ■ Current release

Flagship Market Vista reports	Release date
Market Vista™ : Q4 2019	November 2019
Market Vista™ : Q1 2020	February 2019
Market Vista™ : 2019 Year in Review and Outlook for 2020	March 2019
Market Vista™ : Q2 2020	April 2020
Market Vista™ : Q3 2020	August 2020
Market Vista™ : Q4 2020	Q4 2020
Market Vista™ : Q1 2021	Q1 2021
Market Vista™ : 2020 Year in Review and Outlook for 2021	Q1 2021
Thematic Market Vista reports	Release date
Market Vista™: Industry Insights – Healthcare	January 2020
Global Services Market Pressing Issues: Enterprises' Perspective	January 2020
Global Services Market Pressing Issues: Service Providers' Perspective	March 2020
Market Vista™: Industry Insights – Life Sciences	June 2020
Market Vista™: Industry Insights – Oil and Gas	October 2020

Note: For a list of all of our published Market Vista reports, please refer to our [website page](#)



Everest Group is a consulting and research firm focused on strategic IT, business services, engineering services, and sourcing. Our clients include leading global enterprises, service providers, and investors. Through our research-informed insights and deep experience, we guide clients in their journeys to achieve heightened operational and financial performance, accelerated value delivery, and high-impact business outcomes. Details and in-depth content are available at [everestgrp.com](https://www.everestgrp.com).

Stay connected

Website

[everestgrp.com](https://www.everestgrp.com)

Social Media

-  @EverestGroup
-  @Everest Group
-  @Everest Group
-  @Everest Group

Blog

[everestgrp.com/blog](https://www.everestgrp.com/blog)

Podcast

DigitalReallTy



Dallas (Headquarters)

info@everestgrp.com
+1-214-451-3000

Bangalore

india@everestgrp.com
+91-80-61463500

Delhi

india@everestgrp.com
+91-124-496-1000

London

unitedkingdom@everestgrp.com
+44-207-129-1318

New York

info@everestgrp.com
+1-646-805-4000

Toronto

canada@everestgrp.com
+1-416-388-6765

This document is for informational purposes only, and it is being provided "as is" and "as available" without any warranty of any kind, including any warranties of completeness, adequacy, or fitness for a particular purpose. Everest Group is not a legal or investment adviser; the contents of this document should not be construed as legal, tax, or investment advice. This document should not be used as a substitute for consultation with professional advisors, and Everest Group disclaims liability for any actions or decisions not to act that are taken as a result of any material in this publication.