



Global Locations State of the Market Report 2020: Moving Forward in Turbulent Times | Risk Watch

Locations Insider™

State of the Market Report – March 2020: Complimentary Abstract / Table of Contents

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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

Membership information

- This report is included in the following research program(s)
– [Locations Insider™](#)
- 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

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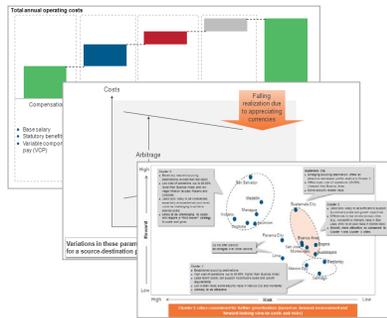
- 1 Introduction and overview
- 2 Summary of key messages
- 3 Risk Watch
- 4 Appendix

Our research methodology is based on four pillars of strength to produce actionable and insightful research for the industry

- Market thought leadership
- Actionable and insightful research
- Syndicated and custom research deliverables

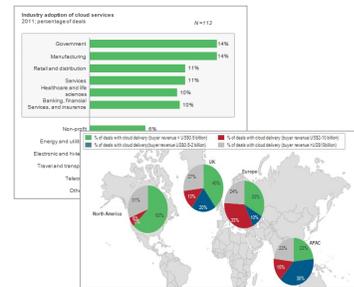
1 Robust definitions and frameworks

Talent pool scalability and sustainability assessments, cost arbitrage sustainability, and risk assessment frameworks



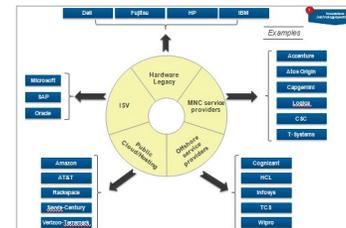
2 Primary sources of information

Ongoing interactions with buyers, global in-house centers (GICs) / captives / shared service centers (SSCs), service providers, investment promotion agencies, recruiters, etc.



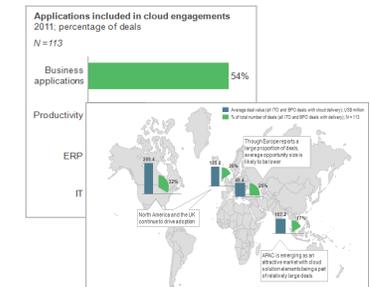
3 Diverse set of market touchpoints

Ongoing interactions across key stakeholders, inputs from a mix of perspectives and interests, supports data analysis and thought leadership



4 Fact-based research

Data-driven analysis with expert perspectives, year-round tracking of location and service provider activity, and country briefings



- Proprietary tracking and databases of operating costs, labor pool, market activity, and risks
- Year-round tracking of 300+ locations around the world
- Coverage across all offshore, nearshore, and onshore locations across regions (APAC, Europe, North America, LATAM, and Africa)
- Over 250+ global projects on supporting clients on location decisions
- Executive-level relationships with buyers, service providers, technology providers, and industry associations

Overview and abbreviated summary of key messages

The Global Locations State of the Market Report 2020 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. The broader report has three parts – Key Trends Shaping the Landscape, Risk Watch and Locations PEAK Matrix®. It presents insights about 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.

This specific part of the report is focused on the section – Risk Watch

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

Risk Watch

At an overall level, evidence of significant variations in operating and business environment risk across locations driven by multiple factors such as quality of IT/BP infrastructure, safety and security, digital readiness, quality of life, geopolitical, regulatory, and macroeconomic environment

- Across Asia Pacific, most locations offer favourable operating environment; however, coronavirus outbreak has caused significant disruption in the day-to-day operations of IT-BP services firms in China, South Korea, and Japan
- Within Americas, there are some concerns around regulatory environment, digital readiness, quality of infrastructure, and safety and security across locations such as Argentina, Guatemala, Honduras, and Nicaragua
- In Europe, Middle East and Africa, most locations offer favourable business environment backed by strong infrastructure, strong macroeconomic conditions, and relatively stable political systems

This study provides comprehensive view of the operating and business environment in the major delivery locations globally, along with select source geographies

Risk watch | Summary of key messages



- At an overall level, the region offers favorable operating and business environment with high macroeconomic stability. However, Coronavirus outbreak has caused significant disruption in the day-to-day operations of IT-BP services firms in China, Singapore, Hong Kong, and South Korea are the most attractive locations. These locations offer high safety and security environment. However, South Korea is witnessing a serious health crisis.
- Exposure to natural disasters remains the primary concern for business operations in the Philippines.
- Cambodia offers the least favorable business environment in the region, given poor infrastructure.



- The region faces some major concerns in areas such as regulatory environment, digital readiness, and political stability. Uncertainty regarding the severity of COVID-19 impact is likely to result in slower growth, especially in Latin America.
- Canada, Chile, and the United States offer the most favorable conditions for businesses, given their stable macroeconomic environment accompanied by a high quality of life.
- A degrading macroeconomic environment is leading to falling confidence in operating and business environment in Central America.
- Nicaragua offers the least favorable business environment in the region, given poor infrastructure and political instability amidst widespread civil protests.



- Locations in this region offer high-quality infrastructure, safe and secure business environment, and high safety and security environment.
- The region is expecting detrimental impact on global services market especially in Western Europe due to COVID-19 outbreak and apprehensions of economic recession.
- Countries such as Germany, the United Kingdom, and Ireland are among the leading locations in the region.
- Bulgaria is likely to witness an increase in political risk as the government faces challenges in related scandals involving politicians from the ruling coalition. Additionally, the business environment is degrading.
- Nigeria has one of the least favorable business environments, given poor state of infrastructure and business environment.

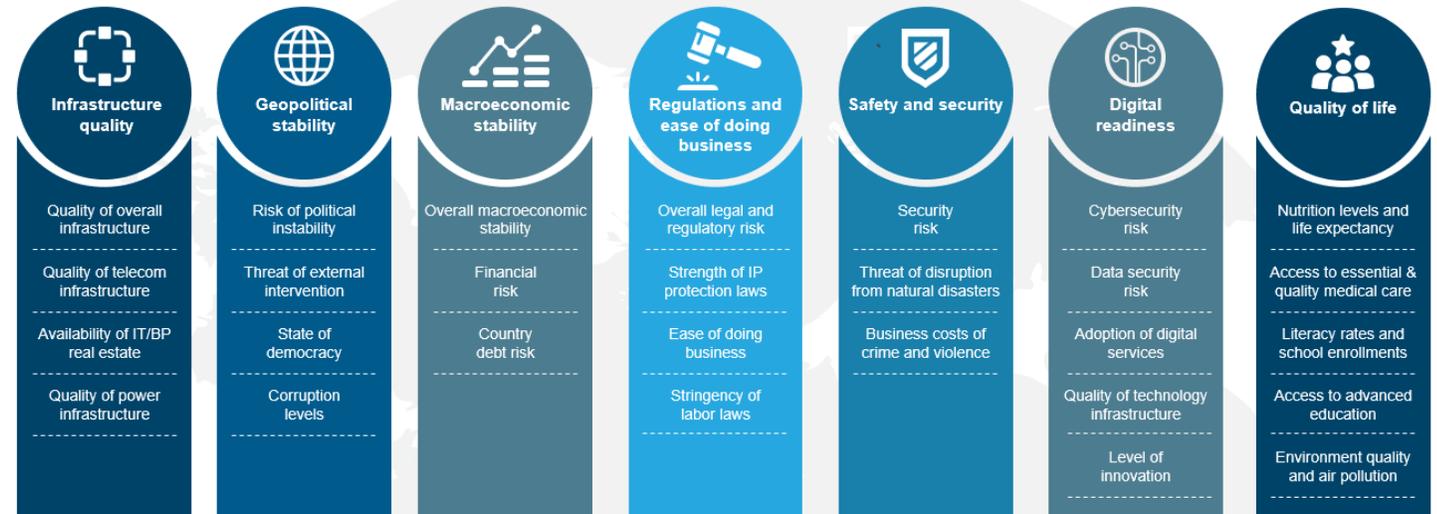


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Risk watch | Methodology and key inclusions

We considered seven parameters to evaluate the overall risk across locations

Parameters used to evaluate overall risk



Source: World Economic Forum (WEF); Portulans Institute; Economic Intelligence Unit (EIU); World Risk Report (WRR); World Bank; Fund for Peace; Social Progress; Global Innovation Index



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Research calendar – Locations Insider™

Published
 Planned
 Current release

Flagship Locations Insider reports

Release date

Global Locations Annual Report 2019	September 2019
Location Spotlight – Egypt	September 2019
Location Spotlight – The Czech Republic	September 2019
Location Spotlight – Morocco	October 2019
Location Spotlight – Romania	October 2019
Location Spotlight – Israel	October 2019
Location Spotlight – Trivandrum, India	October 2019
Location Spotlight – Vietnam	February 2020
Global Locations State of the Market Report 2020: Moving Forward in Turbulent Times	March 2020
Location Spotlight – Slovakia	Q2 2020
Location Spotlight – Indonesia	Q2 2020

Thematic Locations Insider reports

Global Hotspots – Analytics in BFSI	May 2019
European Digital Services Talent Handbook: Prepare for Digital Disruption	June 2019
Global Handbook – Focus on Language Skills Availability Across the World	November 2019
Global Handbook – Focus on Cloud Skills Across the World	Q1 2020

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

Additional Locations Insider™ research references

The following documents are recommended for additional insight on 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. 2020 Locations Predictions: Confronting the Impending Slowdown** ([EGR-2020-37-V-3618](#)); 2020. Everest Group's predictions that the global services market would experience slightly lower growth in 2019 over 2018, both in terms of revenue and headcount, have been proven correct. Enterprises have been increasingly leveraging their locations strategies – based on talent quality and availability, rather than cost – as a tool to achieve service delivery transformation. Given these developments, what does 2020 hold for the global services industry? The report offers predictions on overall and location-specific services delivery, upon which organizations can anchor their transformation agendas. In addition to it, It presents insights into next-wave locations expected to gain prominence in the future and key risks to watch out for when transforming the delivery strategy
- 2. Navigating the Coronavirus Outbreak for Shared Services Organizations** ([EGR-2020-37-V-3614](#)); 2020. As the world's attention has increasingly turned towards the COVID-19 virus over the course of 2020, most shared services organizations have already triggered their business continuity plans and adjusted their operations. The uncertainty associated with a risk such as a virus – unbounded by location or other formal borders – will continue for some time and require sustained diligence and proactive efforts to adjust as new information becomes available. In this viewpoint, we offer a recap of the standard responses that most organizations have taken, some best-in-class industry practices, and a view on how the new normal, post-COVID, would look like.
- 3. Global Locations Annual Report 2019: Demand for Next-gen Services Defining Locations Strategies | Key Trends Shaping the Landscape** ([EGR-2019-37-R-3313](#)); 2019. The global services landscape experienced high growth in 2018 in terms of overall market activity for new center setups. Headcount growth was slower than last year owing to advances in automation capabilities by offshore entities, a talent shortage for new-age technologies, increased onshoring by enterprises, and weakening financial sentiment across the world. The Global Locations Annual Report 2019 is a unique and comprehensive guide to understanding the nuances of the locations landscape and interpreting locations-related developments and trends to frame locations strategy. It presents insights into the size and growth of the global services market, update of center set-up activity, changes in risk profiles of locations, and an analysis of the maturity, arbitrage, and potential of locations (MAP Matrix™)

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About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empower clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at www.everestgrp.com.

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