



Global Locations State of the Market Report 2020: Moving Forward in Turbulent Times | Locations PEAK Matrix®

Locations Insider™

State of the Market Report – March 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 | ▶ 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 | |

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

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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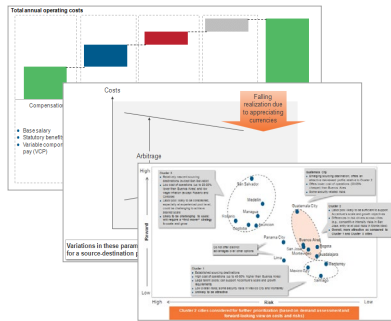
- 1 Introduction and overview
- 2 Summary of key messages
- 3 PEAK Matrix[®]
- 4 Appendix

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

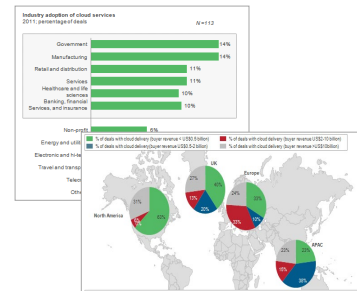
1 Robust definitions and frameworks

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



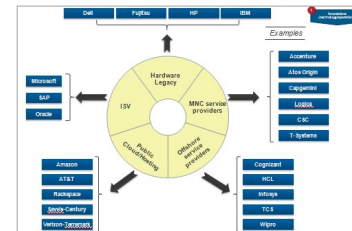
2 Primary sources of information

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



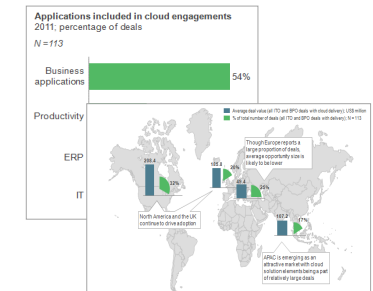
3 Diverse set of market touchpoints

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 - Locations PEAK Matrix®

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

PEAK Matrix®

The relative attractiveness of locations is driven by maturity, potential and cost-arbitrage over source markets. While 2019 witnessed some changes in the relative positioning of the locations, going forward, we expect significant changes as players look to optimize their portfolios by expanding into nearshore markets

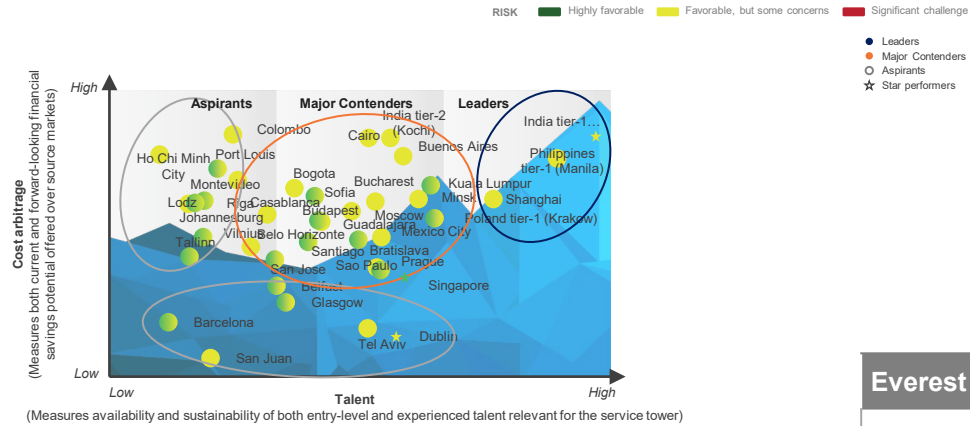
- Across Asia Pacific, India and the Philippines maintained their “leader” positions for specific English delivery functions; there is evidence of increasing preference towards leveraging tier-2/3 locations
- Within Americas, Argentina and Costa Rica remained “leaders” for bilingual BPS delivery and are also known for IT and contact center delivery
- In Europe, Middle East and Africa, Poland continued to remain “leader” for European languages BPS followed by Ireland

Scope of the PEAK Matrix® report

- This section provides a comprehensive view of the attractiveness of locations in terms of cost and talent availability; the analysis is strictly from an offshoring/nearshoring standpoint, and does not include domestic service delivery (i.e., demand from Brazil being serviced in Brazil)
- The section presents analyses on 80+ locations (cities) for the following 10 functions:
 - Information Technology – Application Development and Maintenance (IT-ADM)
 - Contact center (English language)
 - Transactional Business Process Services (BPS)
 - Complex/judgment-intensive BPS
 - Bilingual (Spanish and English language) BPS
 - Multi-lingual (European languages) BPS
 - Analytics
 - Digital
 - Engineering/R&D services
 - IT services in the US
- The following three parameters have been considered to estimate the attractiveness of locations:
 - **Operating cost**
 - ◆ Fully-loaded operating cost per FTE; includes salaries and mandatory benefits for the delivery and support staff, real estate and facilities cost, infrastructure cost, and other miscellaneous expenses
 - ◆ The analysis does not include the center set-up and transition costs, travel, expat-related costs, corporate Selling General and Administration expenses (SG&A), and margins
 - **Talent pool assessment**
 - ◆ The analysis factors in availability of the talent pool for both entry-level and experienced roles
 - ◆ Different weights have been assigned to entry-level and employed pool for different functions, based on the typical delivery pyramids for the respective functions
 - **Risk profile:** Final risk ratings on the basis of various businesses and operating environment parameters such as infrastructure quality, geopolitical stability, macroeconomic stability, regulations and ease of doing business, and safety and security

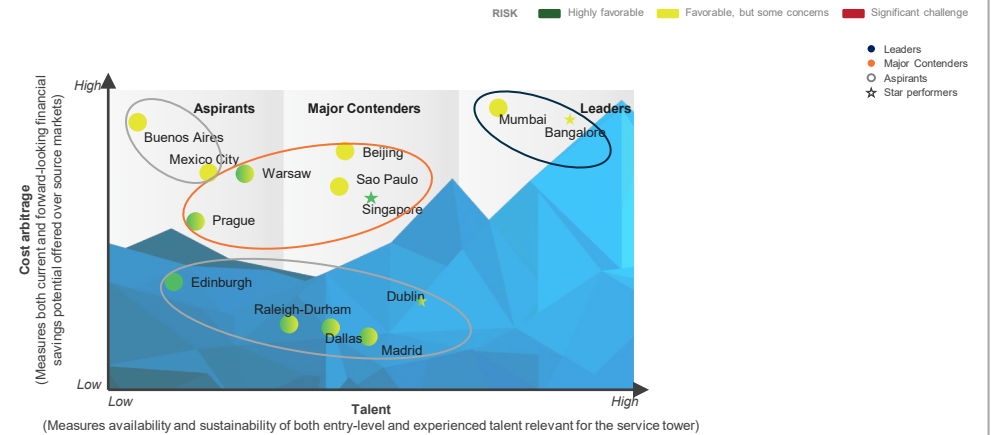
This study provides a comprehensive view of the attractiveness of major global delivery locations in terms of cost and talent availability

Everest Group Locations PEAK Matrix® for IT-ADM



1 Current and forward-looking financial savings potential offered over source markets
2 Considers relevant entry-level and experienced talent
Note1: The assessment has been done only for a representative list of locations
Note2: We used representative cities to depict typical talent-cost positioning for tier-1 and tier-2 cities for some countries (e.g., Bangalore as a tier-1 city and Kochi as a tier-2 city in India); there could be other cities in the comparable propositions to these cities
Source: Inputs from market players, recruitment firms, and investment agencies

Everest Group Locations PEAK Matrix® for Analytics



1 Current and forward-looking financial savings potential offered over source markets
2 Considers relevant entry-level and experienced talent
Note1: The assessment has been done only for a representative list of locations
Note2: We used representative cities to depict typical talent-cost positioning for tier-1 and tier-2 cities for some countries (e.g., Bangalore as a tier-1 city in India and Raleigh-Durham as a tier-2 city in the United States.); there could be other cities in the country that also offer comparable propositions to these cities
Source: Inputs from market players, recruitment firms, and investment agencies

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™)

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

Parul Jain, Practice Director: parul.jain@everestgrp.com

Surbhi Gupta, Senior Analyst: surbhi.gupta@everestgrp.com

Sauban Nafees, Senior Information Specialist – IS, Research: sauban.nafees@everestgrp.com

Website: www.everestgrp.com | Phone: +1-214-451-3000 | Email: info@everestgrp.com



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.

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

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