

# Location Spotlight – Birmingham, The United Kingdom

December 2020: Complimentary Abstract / Table of Contents



# Our research offerings for global services

|                                                                                                                                                                                                               |                                                                                            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>▶ Market Vista™<br/>Global services tracking across functions, sourcing models, locations, and service providers – industry tracking reports also available</li> </ul> |                                                                                            |
| <ul style="list-style-type: none"> <li>▶ Application Services</li> </ul>                                                                                                                                      | <ul style="list-style-type: none"> <li>▶ Finance &amp; Accounting</li> </ul>               |
| <ul style="list-style-type: none"> <li>▶ BPS   Banking &amp; Financial Services</li> </ul>                                                                                                                    | <ul style="list-style-type: none"> <li>▶ Human Resources</li> </ul>                        |
| <ul style="list-style-type: none"> <li>▶ BPS   Healthcare &amp; Life Sciences</li> </ul>                                                                                                                      | <ul style="list-style-type: none"> <li>▶ ITS   Banking &amp; Financial Services</li> </ul> |
| <ul style="list-style-type: none"> <li>▶ BPS   Insurance</li> </ul>                                                                                                                                           | <ul style="list-style-type: none"> <li>▶ ITS   Healthcare</li> </ul>                       |
| <ul style="list-style-type: none"> <li>▶ Catalyst™</li> </ul>                                                                                                                                                 | <ul style="list-style-type: none"> <li>▶ ITS   Insurance</li> </ul>                        |
| <ul style="list-style-type: none"> <li>▶ Cloud &amp; Infrastructure</li> </ul>                                                                                                                                | <ul style="list-style-type: none"> <li>▶ IT Services Executive Insights™</li> </ul>        |
| <ul style="list-style-type: none"> <li>▶ Customer Experience Management Services</li> </ul>                                                                                                                   | <ul style="list-style-type: none"> <li>▶ ITS   Life Sciences</li> </ul>                    |
| <ul style="list-style-type: none"> <li>▶ Contingent Workforce Management</li> </ul>                                                                                                                           | <ul style="list-style-type: none"> <li>▶ Locations Insider™</li> </ul>                     |
| <ul style="list-style-type: none"> <li>▶ Data &amp; Analytics</li> </ul>                                                                                                                                      | <ul style="list-style-type: none"> <li>▶ PricePoint™</li> </ul>                            |
| <ul style="list-style-type: none"> <li>▶ Digital Services</li> </ul>                                                                                                                                          | <ul style="list-style-type: none"> <li>▶ Procurement</li> </ul>                            |
| <ul style="list-style-type: none"> <li>▶ Engineering Services</li> </ul>                                                                                                                                      | <ul style="list-style-type: none"> <li>▶ Recruitment Process Outsourcing</li> </ul>        |
| <ul style="list-style-type: none"> <li>▶ Enterprise Platform Services</li> </ul>                                                                                                                              | <ul style="list-style-type: none"> <li>▶ Service Optimization Technologies</li> </ul>      |

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- 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

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**Hrishi Raj Agarwalla**, Practice Director

**Shashwat Konar**, Senior Analyst

# This report provides perspectives on key aspects of the global sourcing market in Birmingham

Location Spotlight – Birmingham, The United Kingdom

## Birmingham | At a glance



**Tier-2 U.K. location with favorable cost-talent proposition, primarily leveraged for non-voice business process service delivery**

**KEY FACTS**

- 25,000-30,000 annual tertiary graduates
- Annual operating cost per FTE: 25-29% savings over London, 13-17% savings over Dublin

| Current overview                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Key drivers                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Key challenges                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>An emerging location for delivery of business process services and IT services                             <ul style="list-style-type: none"> <li>Non-voice business process services are primarily provided for finance &amp; accounting, followed by HR, procurement, and legal</li> <li>IT services are provided across IT ADM, IT infrastructure, and digital</li> </ul> </li> <li>Opportunity to strengthen proposition to be a leading location for global services delivery</li> </ul> | <ul style="list-style-type: none"> <li>Favorable talent proposition with the availability of a large graduate pool suited for delivery of business process services and technology services</li> <li>Attractive cost proposition as compared with tier-1 U.K. and Ireland locations</li> <li>Availability of high-quality infrastructure including advanced network infrastructure and good domestic and international connectivity</li> <li>Favorable business environment with business-friendly regulations, procedures, and incentives</li> </ul> | <ul style="list-style-type: none"> <li>Uncertainty in the geopolitical and macroeconomic landscape due to Brexit</li> <li>The U.K. has witnessed an economic slowdown due to the COVID-19 outbreak</li> <li>Some concerns around safety and security in Birmingham to moderate vulnerability to natural disasters and moderate crime rates</li> </ul> |

**KEY PLAYERS:**

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

Good infrastructure facilities; however, there exists uncertainty around geopolitical and economic stability due to Brexit and COVID-19

| Parameter      | Everest Group rating                  | Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----------------|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Geopolitical   | <span style="color: green;">■</span>  | <ul style="list-style-type: none"> <li>The United Kingdom ranks 14th among 167 countries in the Democracy Index 2019 compiled by the Economist Intelligence Unit (EIU)</li> <li>The U.K. left the EU after 47 years of membership on January 31, 2020, entering a transition period. The U.K. and the EU are in the process of negotiating an agreement to codify their future economic and political relationship. The transition period ends on December 31, 2020</li> <li>Birmingham narrowly voted to leave the EU, although some areas came out strongly in favor of staying</li> <li>The U.K. was ranked as the 12th least corrupt nation out of 198 countries according to the 2019 Corruption Perceptions Index reported by Transparency International</li> </ul> |
| Macroeconomic  | <span style="color: yellow;">■</span> | <ul style="list-style-type: none"> <li>The GDP is forecasted to fall by 8-10% in 2020; the domestic economy strongly impacted by pandemic-related curbs on activity. It is forecasted to bounce back and grow by 5-7% in 2021 and 2022</li> <li>Moody's has maintained an Aa3 rating with a stable outlook towards the United Kingdom</li> <li>CPI inflation rates are low; forecasted to be stable at around 1-2% over the next few years</li> <li>There are some concerns over the impact of Brexit on the economy including a decline of GDP growth, rising costs of exports due to tariffs, and an increase in unemployment</li> </ul>                                                                                                                                |
| Infrastructure | <span style="color: green;">■</span>  | <ul style="list-style-type: none"> <li>The United Kingdom is ranked 9th out of 141 countries in the 2019 Global Competitiveness Index for its infrastructure quality</li> <li>Birmingham has a major international airport and offers good public transportation system through an extensive road, rail, and metro network</li> <li>The city has the fastest mobile broadband speed in the U.K. with an aggregate median download speed of 28.9 Mbps</li> </ul>                                                                                                                                                                                                                                                                                                           |

Source: Everest Group (2020), inputs from recruitment firms, market players, and investment agencies

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# Research calendar

## Locations Insider™

■ Published
 ■ Planned
 ■ Current release

### Flagship Locations Insider reports

|                                                            | Release date         |
|------------------------------------------------------------|----------------------|
| Location Spotlight – Georgia                               | June 2020            |
| Location Spotlight – Guatemala                             | June 2020            |
| Location Spotlight – Wuxi, China                           | August 2020          |
| Location Spotlight – Taiwan                                | September 2020       |
| Location Spotlight – San Antonio, Texas, The United States | October 2020         |
| Location Spotlight – Nigeria                               | December 2020        |
| <b>Location Spotlight – Birmingham, The United Kingdom</b> | <b>December 2020</b> |
| Location Spotlight – Raleigh, The United States            | December 2020        |
| Location Spotlight – Cali, Colombia                        | Q1 2021              |
| Location Spotlight – Coimbatore, India                     | Q1 2021              |
| Location Spotlight – Lithuania                             | Q1 2021              |

### Thematic Locations Insider reports

|                                                                                            | Release date  |
|--------------------------------------------------------------------------------------------|---------------|
| Engineering Services Skills Handbook: Preparing for Next Wave of Growth in R&D             | July 2020     |
| Africa: Emerging IT-BP Delivery Force                                                      | July 2020     |
| Leading European Locations for Global Delivery of Engineering Services                     | October 2020  |
| Data & Analytics Handbook – Delivery Location Strategy to Steer Through Digital Disruption | November 2020 |

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### Dallas (Headquarters)

[info@everestgrp.com](mailto:info@everestgrp.com)  
+1-214-451-3000

### Bangalore

[india@everestgrp.com](mailto:india@everestgrp.com)  
+91-80-61463500

### Delhi

[india@everestgrp.com](mailto:india@everestgrp.com)  
+91-124-496-1000

### London

[unitedkingdom@everestgrp.com](mailto:unitedkingdom@everestgrp.com)  
+44-207-129-1318

### New York

[info@everestgrp.com](mailto:info@everestgrp.com)  
+1-646-805-4000

### Toronto

[canada@everestgrp.com](mailto:canada@everestgrp.com)  
+1-416-388-6765

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