

Market Vista™: Q2 2021

Data and Analysis: January-March 2021: Select Findings



Our research offerings for global services

<ul style="list-style-type: none"> ▶ Market Vista™ Global services tracking across functions, sourcing models, locations, and service providers – industry tracking reports also available 	
<ul style="list-style-type: none"> ▶ Application Services 	<ul style="list-style-type: none"> ▶ Enterprise Platform Services
<ul style="list-style-type: none"> ▶ BPS Banking & Financial Services 	<ul style="list-style-type: none"> ▶ Finance & Accounting
<ul style="list-style-type: none"> ▶ BPS Healthcare 	<ul style="list-style-type: none"> ▶ Human Resources
<ul style="list-style-type: none"> ▶ BPS Insurance 	<ul style="list-style-type: none"> ▶ ITS Banking & Financial Services
<ul style="list-style-type: none"> ▶ BPS Life Sciences 	<ul style="list-style-type: none"> ▶ ITS Healthcare
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<ul style="list-style-type: none"> ▶ Data & Analytics 	<ul style="list-style-type: none"> ▶ Procurement
<ul style="list-style-type: none"> ▶ Digital Services 	<ul style="list-style-type: none"> ▶ Recruitment Process Outsourcing
<ul style="list-style-type: none"> ▶ Engineering Services 	<ul style="list-style-type: none"> ▶ 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

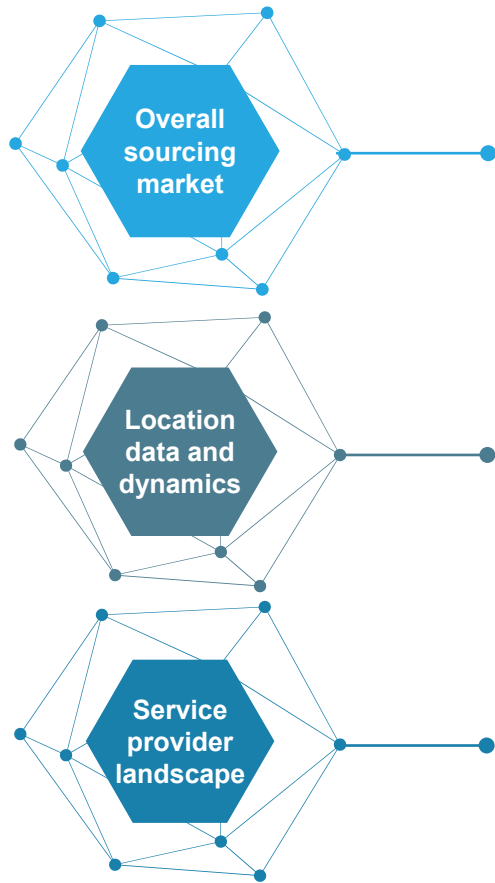
- Accelerators™
- Analyst access
- Data cuts
- Pinnacle Model® reports
- PriceBook
- Virtual Roundtables
- Workshops

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

Market Vista | Overview

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



- Outsourcing transactions and GBS 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
- GBS 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 | key market trends in Q1 2021



As the economic impact of the COVID-19 pandemic recedes, some key demand themes are gaining prominence such as cloud, cybersecurity, digital engineering, and modern workplace which are driving digital growth and deal wins. Additionally, enterprises' cost optimization and vendor consolidation drives are creating some large deal opportunities of which offshore-heritage service providers are the key beneficiaries.

Demand for system integration services increased in recent quarters. One of the major contributors to this trend is the adoption of advanced technologies such as big data, cloud-based services, Software-as-a-Service, and numerous others.

Market activity in offshore/nearshore locations recovered, driven by Asia largely focusing on providing engineering services.

Revenue for the majority of Market Vista service providers increased on sequential basis, however, there was a decline in their sequential operating margin growth.

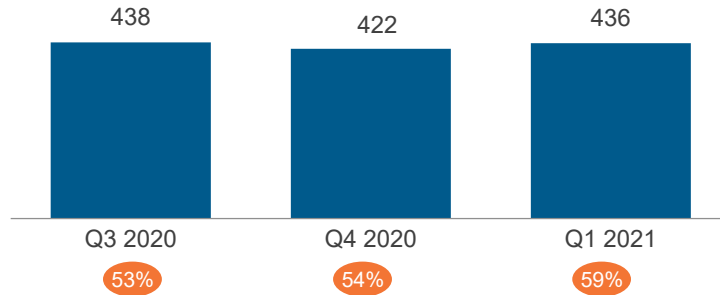
Global services dashboard | Q1 2021

Share of digital-focused activity Operating margin

Outsourcing/offshoring market overview

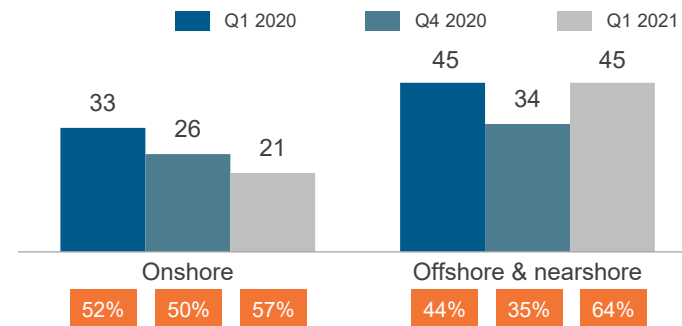
Outsourcing demand witnessed an increase, whereas the digital share also witnessed a major increase as compared to the previous quarter

Number of outsourcing transactions



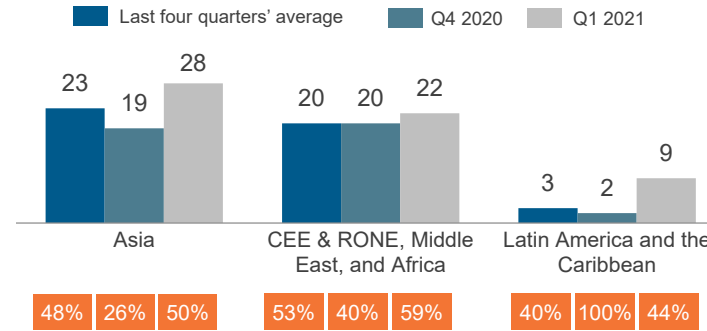
Offshore GBS activity increased vis-a-vis Q4 2020

Number of new GBS setups and expansions

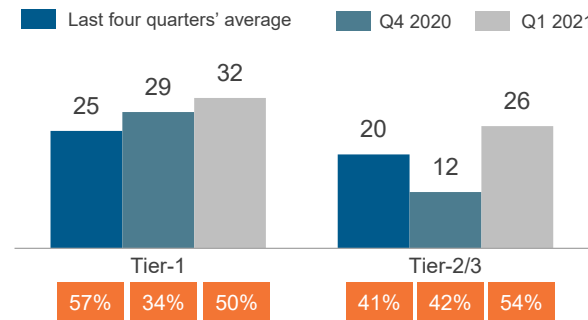


Offshore/nearshore location dynamics

Increase in overall activity compared to last quarter driven by Asia
Number of delivery center setups

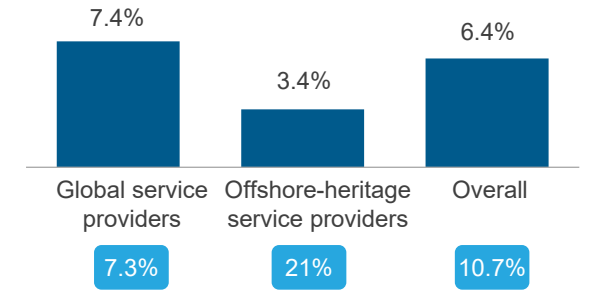


Activity in tier-1 and tier-2/3 locations increased compared to Q4 2020, the increase was more significant in tier-2/3 locations
Number of delivery center setups



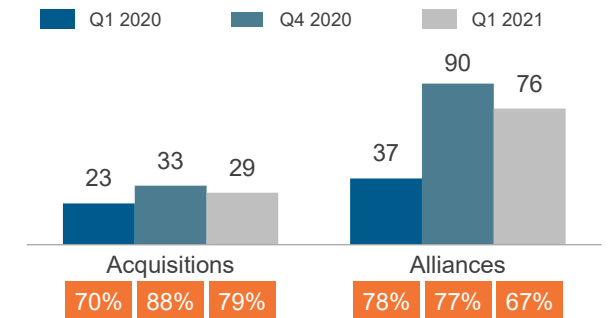
Service provider developments and trends

The consolidated revenue for both offshore-heritage and global providers increased in Q4 2020
Sequential growth in revenue (Q4 2020 vs. Q3 2020)



Both acquisition and alliance activity decreased significantly, compared with the previous quarter

Number of acquisitions and alliances



Note 1: Digital details around each parameter are added in respective sections

Note 2: Q1: January-March, Q2: April-June, Q3: July-September, and Q4: October-December

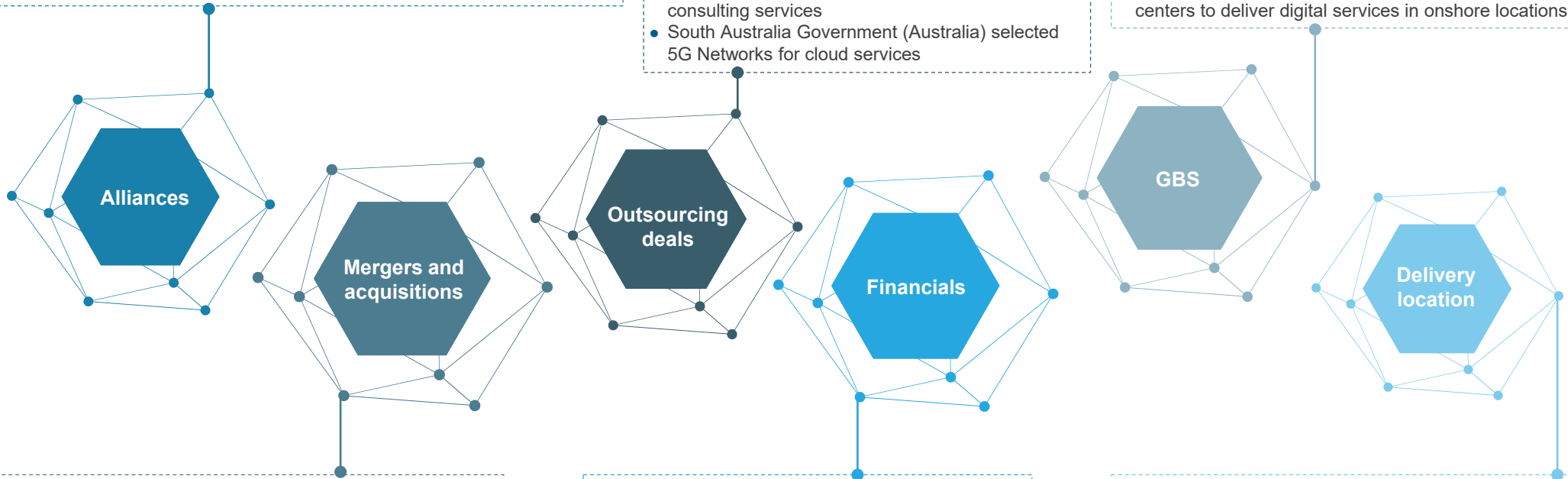
Key developments in the digital space | Q1 2021

Digital-focused activity

- Accenture expanded its partnership with Microsoft to help speed up UK's low carbon transition via their joint venture, Avanade. The partnership will help utility and energy companies transform the energy system and lower costs
- IBM and Tech Mahindra collaborated to enhance their 5G, hybrid cloud, automation, and cybersecurity capabilities as part of their aim toward creating a billion-dollar ecosystem over the next three years

- General Services Administration (US) selected NCI Information Systems for AI and RPA services
- Department of Defense selected Salient CRGT for cybersecurity services
- Department of Veterans Affairs (US) selected Accenture for analytics, RPA, digital, and consulting services
- South Australia Government (Australia) selected 5G Networks for cloud services

- Enterprises such as AWS, Barco, Dell, Delhivery, Google, Huawei, KPMG, Microchip, Microsoft, Mass Mutual, Oppo, Paytm Money, RingCentral, Skoda, and ThyssenKrupp opened GBS centers to provide digital services in offshore and nearshore locations
- Enterprises such as Cartamundi, Genetec, Microsoft, Qualcomm, REE Automotive, Rimac Automobili, Sequans, and Zazz opened GBS centers to deliver digital services in onshore locations



- Leading service providers including Accenture, Atos, Cognizant, Genpact, IBM, Infosys, NTT DATA, Tech Mahindra, and Wipro continued to expand their digital capability through acquisitions
- During the quarter, Cognizant acquired four IT firms, ESG Mobility, Linium, Magenic Technologies, and Servian, to strengthen its digital and engineering capabilities

- Infosys' digital revenues accounted for 51.5% of the total revenue (~US\$1,861 million), a sequential increase of ~6% and a YoY CC growth of 34.4%
- IBM's cloud & cognitive software revenue accounted for ~31% (~US\$5.4 billion), a YoY increase of 4% and a sequential decline of ~20%

- IBM opened its first IBM Cloud Multizone Region (MZR) in Latin America, an important expansion of its global cloud presence in major markets
- Capgemini opened two labs, located in Paris and Mumbai, to enable industry experimentation and deployment of 5G and Edge technologies

Service provider developments | Market Vista™ Index service providers

Global service providers

Global service providers include: accenture, ADP, AKKA¹, ALTRAN¹ (part of Capgemini), Atos, AVL¹, bertrandt¹, Capita, Capgemini, ALTEN, CGI, CONDUENT², CONCENTRIX³ (CONVERGYS), DXC.technology⁴, FUJITSU⁵, IBM⁶, NTT DATA⁷, Teleperformance (each interaction matters), T-Systems, and UNISYS.

Offshore-heritage service providers

Offshore-heritage service providers include: Cognizant, EXL, genpact, HCL, Infosys, SUTHERLAND, Tech Mahindra, tcs (TATA CONSULTANCY SERVICES), wipro, and WNS.

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



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