

# Market Vista™: Q3 2021

Data and Analysis: April-June 2021 – Select Findings



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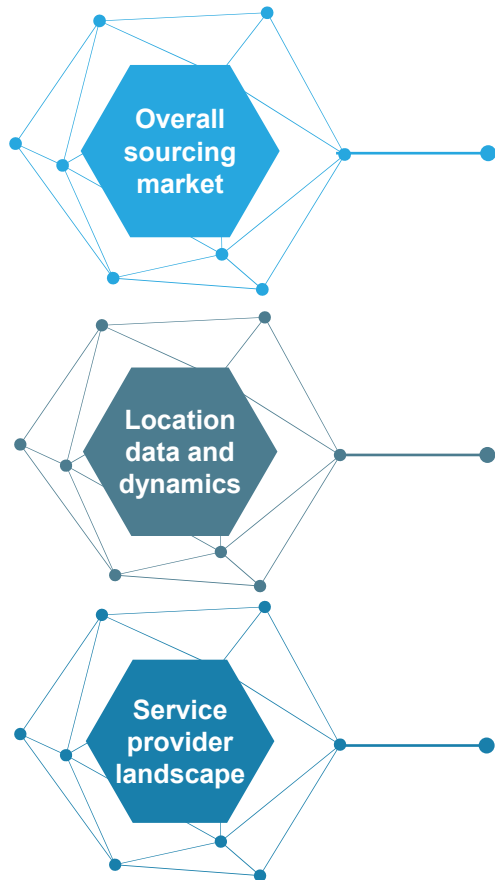
Market intelligence

Tracking: service providers, locations, risk, technologies

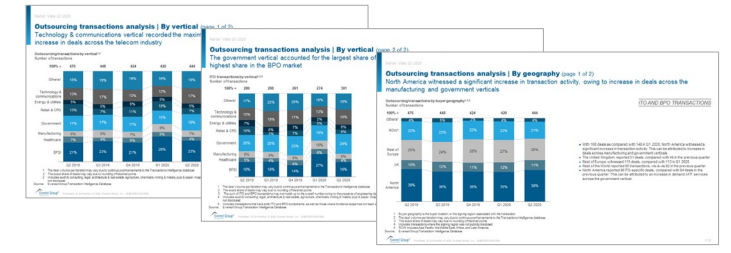
Locations: costs, skills, sustainability, portfolios

# Market Vista | Overview

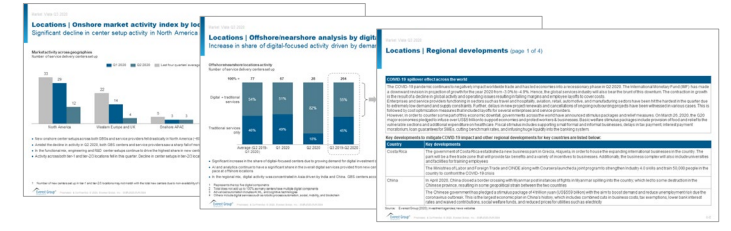
Covers global services market research, analysis, and insights to demystify the market and direct clear, impactful decisions



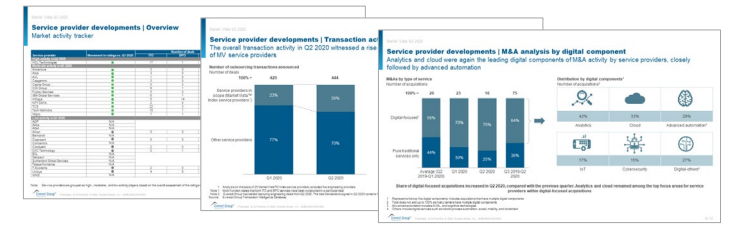
- Outsourcing transactions and GBS center set ups – detailed analysis by industry vertical and geography
- Distribution of transactions by traditional and digital services and split by digital components
- Report of transactions by deal size, volume, and geography
- GBS set ups and expansions by key 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 Q2 2021



The demand for managed network infrastructure services experienced an uptick, with enterprises working to centralize their business activities and merge data from multiple locations by increasingly adopting cloud services.

In Q2 2021, GBS setups for the manufacturing industry increased in offshore locations, with China being the most leveraged location to develop electric vehicle-based capabilities.

The shares of Central & Eastern Europe (CEE) and Rest of Nearshore Europe (RONE) continued to rise in terms of new center setups. Additionally, activity in the MEA region experienced a significant uptick in Q2 2021. Within onshore locations, activity in Western Europe recovered as the pandemic's impact eased.

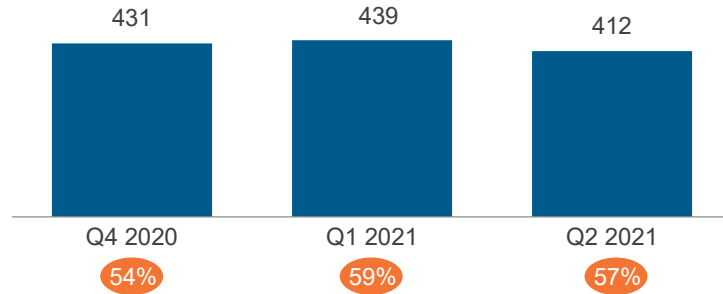
There has been a steady increase in the revenues and operating margins of service providers. The operating margin (12.8%) in Q1 2021 was at its peak in the past one year.

# Global services dashboard | Q2 2021

Share of digital-focused activity

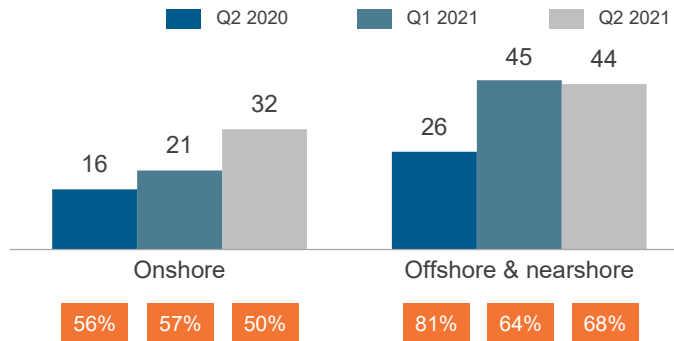
## Outsourcing/offshoring market overview

**Overall outsourcing demand as well as the share of digital deals witnessed a decrease compared to the previous quarter**  
Number of outsourcing transactions



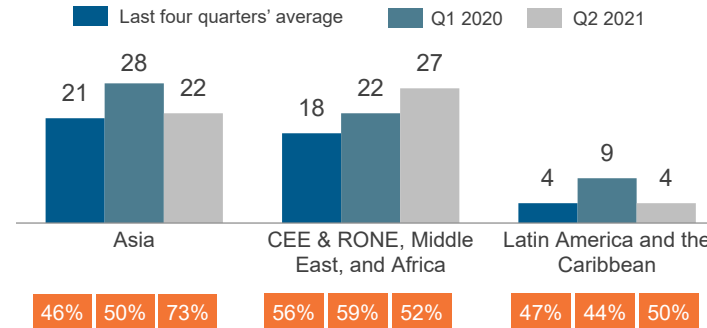
## Offshore GBS activity increased vis-a-vis Q2 2021

Number of new GBS setups and expansions

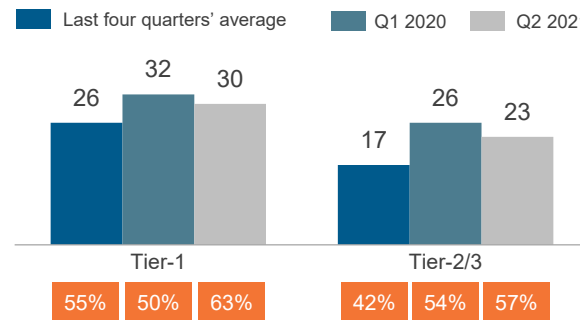


## Offshore/nearshore location dynamics

**Marginal decline in overall setup activity compared to last quarter**  
Number of delivery center setups

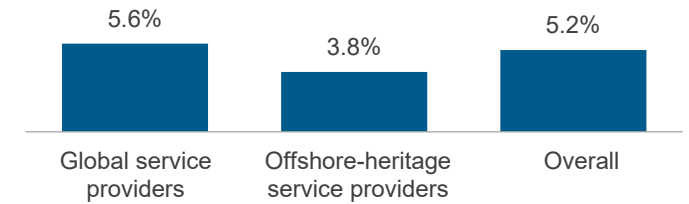


**Share of activity in tier-1 and tier-2/3 locations remained largely similar to the previous quarter**  
Number of delivery center setups

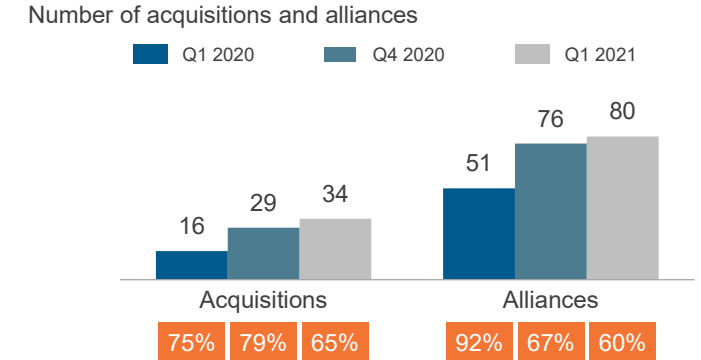


## Service provider developments and trends

**The consolidated revenue for both offshore-heritage and global providers increased in Q1 2021**  
Sequential growth in revenue (Q1 2021 vs. Q4 2020)



**Both acquisition and alliance activity decreased significantly, compared with the previous quarter**  
Number of acquisitions and alliances

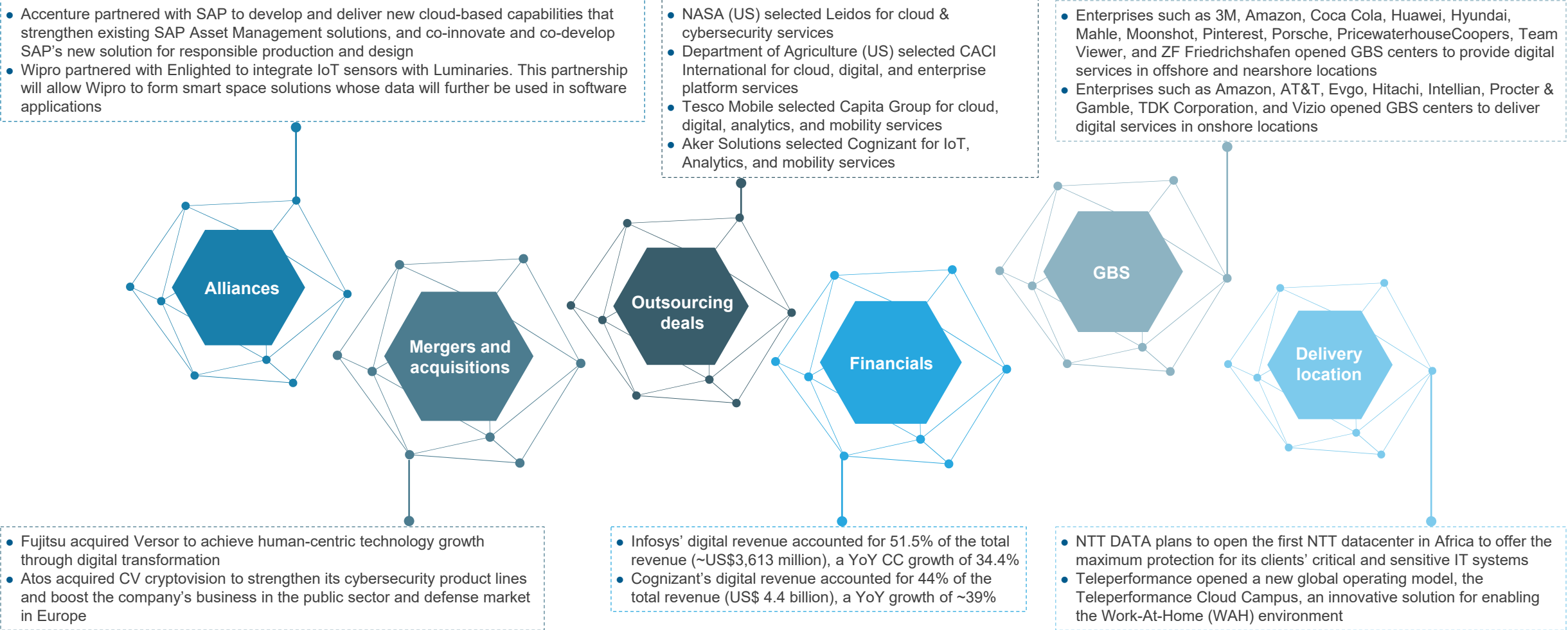


Note 1: Digital details around each parameter are added in respective sections

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

# Key developments in the digital space | Q2 2021

## Digital-focused activity



# Service provider developments | Market Vista™ Index service providers

## Global service providers



## Offshore-heritage service providers



This section analyzes trends for the service providers above across various dimensions indicated on page [III-4](#).

- 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
- 8 Altran Technologies was acquired by Capgemini in 2020

For detailed information, please refer to the “Dashboard section” of Everest Group – Market Vista™ Q3 2021 – Appendix



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