

## Location Spotlight – Coimbatore, India

January 2021: Complimentary Abstract / Table of Contents



# Our research offerings for global services

<ul style="list-style-type: none"> <li>▶ <b>Market Vista™</b> 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</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>▶ BPS   Life Sciences</li> </ul>	<ul style="list-style-type: none"> <li>▶ ITS   Insurance</li> </ul>
<ul style="list-style-type: none"> <li>▶ Catalyst™</li> </ul>	<ul style="list-style-type: none"> <li>▶ IT Services Executive Insights™</li> </ul>
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<ul style="list-style-type: none"> <li>▶ Customer Experience Management Services</li> </ul>	<ul style="list-style-type: none"> <li>▶ <b>Locations Insider™</b></li> </ul>
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<ul style="list-style-type: none"> <li>▶ Data &amp; Analytics</li> </ul>	<ul style="list-style-type: none"> <li>▶ Procurement</li> </ul>
<ul style="list-style-type: none"> <li>▶ Digital Services</li> </ul>	<ul style="list-style-type: none"> <li>▶ Recruitment Process Outsourcing</li> </ul>
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<ul style="list-style-type: none"> <li>▶ Enterprise Platform Services</li> </ul>	

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- Other | Market intelligence, service provider capabilities, technologies, contract assessment

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

Location Spotlight – Coimbatore, India

## Coimbatore | At a glance



Coimbatore, India

One of the mature markets among tier-2/3 locations in India for global BPS delivery; including both voice and non-voice BPS

**KEY FACTOIDS**

- 90,000-100,000 annual tertiary graduates
- Annual operating cost per FTE (Full Time Employee) ~85% savings over Dallas

Current overview	Key drivers	Key challenges
<ul style="list-style-type: none"> <li>Mature among tier-2/3 locations across India for BP services delivery, as evidenced by presence of global players with scaled operations (500-700 FTEs)</li> <li>Leveraged for delivery of BP services with focus on both voice and non-voice BP services (especially finance and accounting services)</li> </ul>	<ul style="list-style-type: none"> <li>Access to sizable talent pools, at both entry- and experienced levels</li> <li>Offers substantial cost saving compared to other offshore (~20% over Bangalore) and onshore geographies (~85% over Dallas)</li> <li>Stable business environment with favorable government policies and incentives, and safety and security</li> </ul>	<ul style="list-style-type: none"> <li>Presence of multiple global players and slightly higher attrition rates as compared to a few tier-2/3 locations across India; entry of new players may result in congestion and potential challenges in talent attraction and retention</li> <li>Some concerns regarding quality of infrastructure, relocation attractiveness, and air connectivity network</li> </ul>

**KEY PLAYERS:** amazon, BOSCH, Cognizant, Ford, HCL, HEXAWARE, IBM, NTT DATA, Schlumberger, TATA CONSULTANCY SERVICES

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Location Spotlight – Coimbatore, India

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

Stable geopolitical and macroeconomic environment along with strong government support for developing suitable infrastructure for industries

Parameter	Everest Group rating	Comments
Geopolitical	<div style="display: flex; justify-content: center; gap: 10px;"> <div style="width: 20px; height: 10px; background-color: #0070c0;"></div> <div style="width: 20px; height: 10px; background-color: #90ee90;"></div> </div>	<ul style="list-style-type: none"> <li>Stable business environment with investor-friendly central and state government policies</li> <li>India ranks 51 out of 167 countries in the Democracy Index 2019 compiled by the Economist Intelligence Unit (EIU) and continues to be labeled as a "flawed democracy". Although India's ranking slipped by 10 positions in 2019 (from 41 in 2018), it was largely due to the rise of conservative religious ideologies, hence, the IT-BP operations remain largely unaffected</li> <li>Concerns exist around territorial disputes with neighboring countries, particularly Pakistan and China; however, minimal impact on global services industry</li> </ul>
Macroeconomic	<div style="display: flex; justify-content: center; gap: 10px;"> <div style="width: 20px; height: 10px; background-color: #0070c0;"></div> <div style="width: 20px; height: 10px; background-color: #90ee90;"></div> </div>	<ul style="list-style-type: none"> <li>Stable macroeconomic condition despite transient economic slowdown due to COVID-19 crisis. India ranks 43rd (out of 141 countries) for macroeconomic stability in The Global Competitiveness Index 2019</li> <li>Although Moody's and Fitch downgraded India's sovereign rating to 'BAA3' from 'BAA2' and maintained the outlook from 'stable' to 'negative', on the back of expected weak growth outlook due to COVID-19 and challenges associated with high public-debt burden; however, Standard and Poor's reaffirms India's rating at 'BBB' with a stable outlook for the economy to bounce back in 2021-22</li> <li>Gradually rising crude oil prices and the fluctuation in the exchange rate continue to be pressing concerns</li> </ul>
Infrastructure	<div style="display: flex; justify-content: center; gap: 10px;"> <div style="width: 20px; height: 10px; background-color: #90ee90;"></div> </div>	<ul style="list-style-type: none"> <li>India is ranked 70th (out of 141) in terms of infrastructure in The Global Competitiveness Index 2019, signifying some scope of improvement</li> <li>Coimbatore offers favorable infrastructure facilities with good quality utilities such as power, water, and telecom, and availability of commercial real estate</li> <li>Some concerns around absence of suburban rail network; metro rail project is still at the planning stage</li> <li>Although Coimbatore International Airport provides domestic connectivity to almost all tier-1 cities, however, there are concerns about domestic connectivity with tier-2/3 cities and international air connectivity</li> </ul>

Source: Everest Group (2021), EIU, WRR, WEF, GTCI; inputs from market participants

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# Research calendar

## Locations Insider™

■ Published
 ■ Planned
 ■ Current release

### Flagship Locations Insider reports

### Release date

Locations 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
Location Spotlight – Birmingham, The United Kingdom	December 2020
Location Spotlight – Raleigh, The United States	December 2020
<b>Location Spotlight – Coimbatore, India</b>	<b>January 2021</b>
Location Spotlight – Cali, Colombia	Q1 2021
Location Spotlight – Lithuania	Q1 2021
Global Locations State of the Market Report	Q1 2021

### Thematic Locations Insider reports

### Release date

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
Leading LATAM Locations for Global Services Delivery	Q1 2021

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