

# The Role of Global Business Service (GBS) Organizations in the Automotive Industry: What Lies Ahead?

March 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>▶ Enterprise Platform Services</li> </ul>
<ul style="list-style-type: none"> <li>▶ BPS   Banking &amp; Financial Services</li> </ul>	<ul style="list-style-type: none"> <li>▶ Finance &amp; Accounting</li> </ul>
<ul style="list-style-type: none"> <li>▶ BPS   Healthcare</li> </ul>	<ul style="list-style-type: none"> <li>▶ Human Resources</li> </ul>
<ul style="list-style-type: none"> <li>▶ BPS   Insurance</li> </ul>	<ul style="list-style-type: none"> <li>▶ ITS   Banking &amp; Financial Services</li> </ul>
<ul style="list-style-type: none"> <li>▶ BPS   Life Sciences</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>▶ ITS   Life Sciences</li> </ul>
<ul style="list-style-type: none"> <li>▶ Customer Experience Management Services</li> </ul>	<ul style="list-style-type: none"> <li>▶ IT Services Executive Insights™</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>▶ 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>
<ul style="list-style-type: none"> <li>▶ Engineering Services</li> </ul>	<ul style="list-style-type: none"> <li>▶ Service Optimization Technologies</li> </ul>

## Membership information

- This report is included in the following research program(s)
  - [Catalyst™](#), [Engineering Services](#)
- 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](mailto: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

# Contents

<b>1. Introduction and overview</b>	<b>5</b>
• Background and scope	6
• Focus of the research	7
– Global Engineering R&D (ER&D) spend   definition	7
– Automotive engineering services   definition	8
<b>2. Summary of key messages</b>	<b>9</b>
• Emerging industry trends	10
• Offshore/nearshore automotive global services market	11
• Digital and key emerging themes	12
• Key challenges faced by automotive GBS organizations	13
• Call to action – steps to mitigate the impact of COVID-19	14
<b>3. Global automotive industry – offshore/nearshore market landscape</b>	<b>15</b>
• Key market trends disrupting the global automotive industry	16
• Offshore/nearshore automotive global services market – GBS organizations	17
– Overall market: current state of adoption and market size	17
– Offshore/nearshore GBS market landscape	18
– Distribution by parent geography, revenue, and number of sourcing locations	19
– Distribution by delivery locations	20
– Distribution by number of FTEs	21
• Key challenges faced by automotive GBS organizations	22

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

**Prashray Kala**, Vice President

**Anish Agarwal**, Senior Analyst

# Contents

<b>4. Adoption of digital engineering – emerging trends</b>	<b>23</b>
• Prevalence of digital engineering in automotive industry	24
• Digital engineering market landscape – share of ER&D spend and adoption	27
• Key digital ER&D investment areas	28
• Significance of design-led innovation	29
• Role of GBS organizations	30
• Case studies	31
<b>5. Outlook and implications for automotive GBS</b>	<b>32</b>
• COVID-19 impact on the industry	33
• Potential implications on GBS	34
• Call to action – steps to mitigate the impact of COVID-19	35
• Outlook – role of GBS centers as they progress in this new normal journey	36
<b>6. Appendix</b>	<b>38</b>
• Glossary	39
• Research calendar – Catalyst™	40
• Research calendar – Engineering Services	41

## Background of the research

The global automotive industry is entering a new decade in which it is expected to rapidly evolve alongside unprecedented challenges – and it starts with 2021. In the last several years, the automotive industry has undergone a lot of changes, steered by innovative and disruptive technologies. Next-generation technological themes have redefined the entire automotive landscape and autonomous driving, connectivity, electrification of vehicles, and shared mobility remain the defining megatrends in 2021, with all automakers (both the existing giants and new entrants) focusing on either enhancing their capabilities or developing pertinent expertise in these fields.

The ongoing COVID-19 pandemic has already taken a toll on the industry and after months of social distancing, new consumer behaviors are shaping trends that will impact the automotive industry and car buying as we enter the new normal. Original Equipment Manufacturers (OEMs) and tier-1 suppliers are looking to position themselves for speedy recovery and will need to adapt to shorter planning horizons and faster industry cycles. They will also need to prioritize initiatives that are best aligned with where the industry is headed, such as operationalizing home delivery or further digitizing the automotive purchase process. GBS organizations are stepping up to this challenge in order to support their parent enterprises.

**In this report, we aim to capture the GBS market landscape, key trends, challenges faced by organizations, impact of digital, and COVID-19 on the automotive industry. We focus on:**

- Current state of the automotive GBS landscape in offshore/nearshore locations
- Impact of digital engineering and how it is transforming the automotive industry
- Aftermath of COVID-19 and steps taken by automotive GBS organizations for faster recovery

### Scope of this report:



#### Geography

Global offshore and nearshore locations



#### Industry

Automotive GBS market



#### Services

Engineering services

## Overview and abbreviated summary of key messages

This report focuses on the global delivery of automotive engineering services with focus on the role played by GBS organizations. The report covers market landscape of automotive GBS organizations with a focus on the way new age technologies are transforming delivery of automotive engineering services. It also captures key market trends, challenges faced by organizations, impact of digital on various segments, impact of COVID-19 on the automotive industry, and role played by GBS organizations to mitigate the impact of the pandemic

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

### GBS market landscape

- The global services market (in terms of GBS center setups) for automotive industry grew at ~9% CAGR between 2017 and 2020, driven by factors such as business continuity and increased preference of automotive firms to leverage offshore locations for digital services delivery and high talent availability for such services

### Changing market dynamics

- The automotive GBS activity at offshore/nearshore locations has been gaining traction in recent years, with many North American and European firms setting up new centers at locations such as India and Poland
- India and Poland are the leading GBS destinations, accounting for ~40% of the GBS setups and ~50% of employed workforce. In India, Bangalore and Pune are the most preferred locations with ~40% of automotive offshore/nearshore GBS centers. In the CEE region, multiple tier-2 locations (e.g., Poznan and Lodz) have been gaining traction in recent years

### Service delivery maturity of GBS organizations

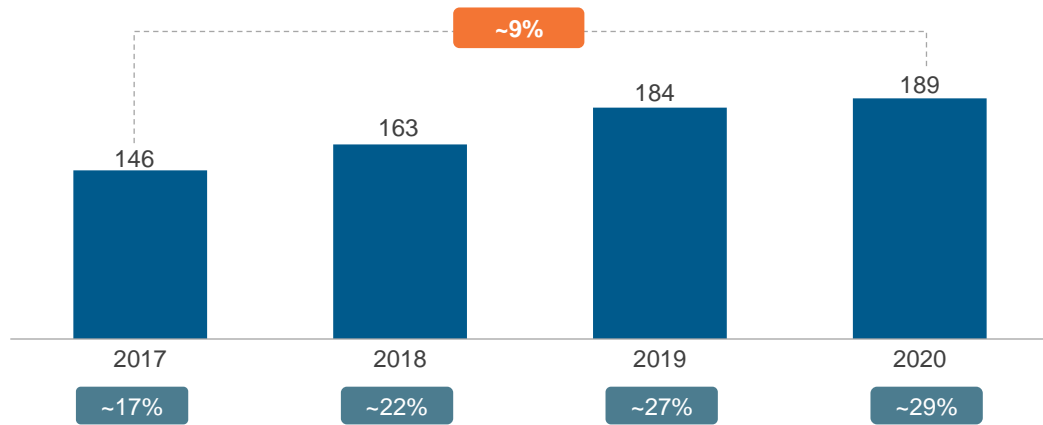
- Many automotive GBS centers are building strong capabilities, especially around digital technologies such as connectivity, mobility, and autonomous solutions, in the vehicles space. Multiple GBS centers house Centers of Excellence (CoE) for these services
- Amidst the ongoing COVID-19 crisis, many mature GBS adopters have been agile enough to quickly transition to newer operating models (remote working) and are focusing on providing more enhanced support to enterprises

### Outlook and implications for GBS organizations

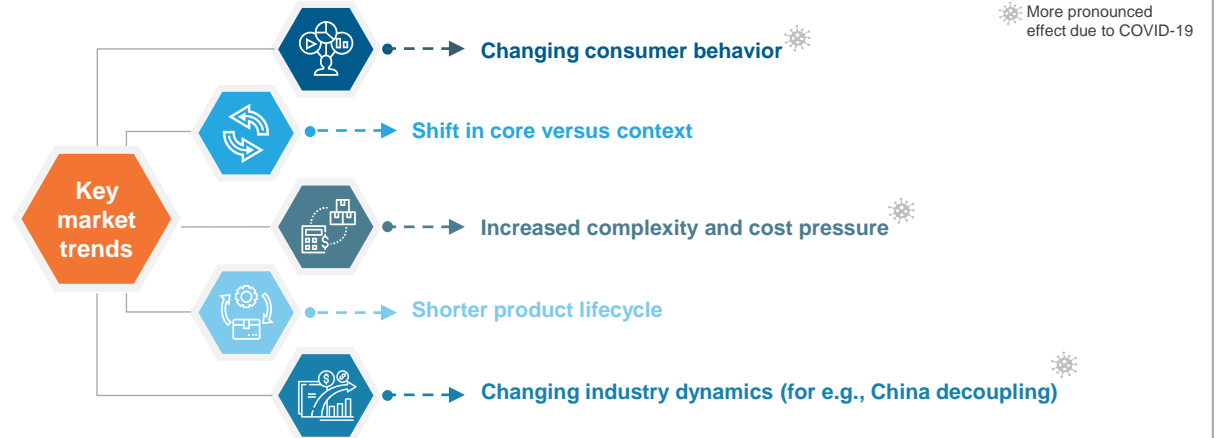
- Going forward, GBS centers are expected to play a significant role in their parent enterprises' product transformation and digital engineering journey

# This study offers three distinct chapters providing a deep dive into key aspects of automotive GBS market; below are four charts to illustrate the depth of the report

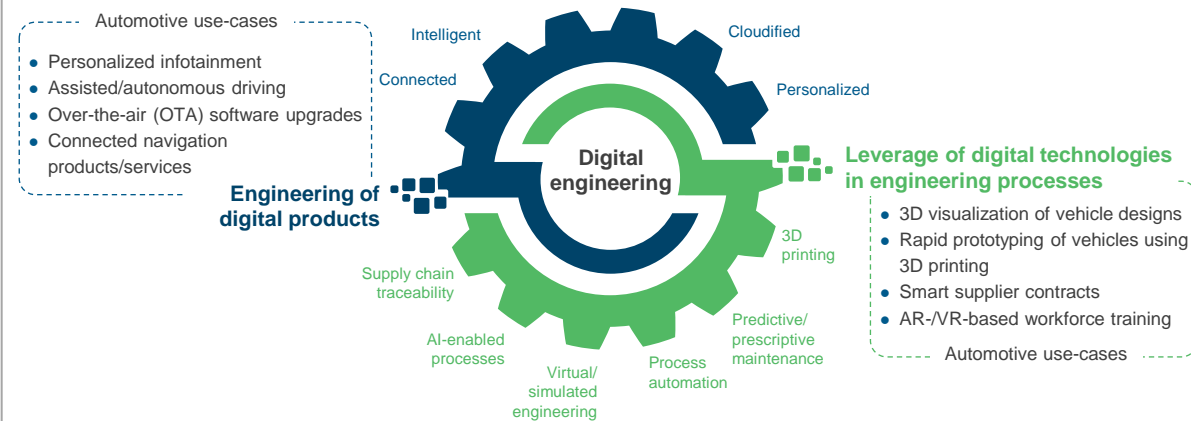
Automotive GBS offshore/nearshore market (in terms of center setups)



Key market trends disrupting the global automotive industry



Digital ER&D use-cases in automotive



Key challenges faced by automotive GBS organizations



# Research calendar

## Catalyst™

■ Published
 ■ Planned
 ■ Current release

### Flagship Catalyst™ reports

	Release date
Landscape Annual Report 2018 – GICs Emerging as Innovation CoEs for Global Enterprises	May 2018
Global In-house Center (GIC) Annual Report 2019: Enterprises Insourcing IT Services to their GICs	July 2019
GBS State of the Market Report: Evolving Operating and Governance Models to Build GBS of the Future	March 2020

### Thematic Catalyst™ reports

	Release date
Redefining the Future of Work – Human Plus Technology	January 2019
Innovative Talent Practices to Build the GBS of the Future	November 2019
Scaling Up the Adoption of Automation Solutions – The Evolving Role of Global In-house Centers	November 2019
Global Services Market Pressing Issues in 2020: GBS Perspectives	February 2020
Navigating the Coronavirus Outbreak for Shared Services Organizations	March 2020
Business Continuity Planning (BCP): A Strategic Rethink	April 2020
Playbook: Integrating Work From Home (WFH) in the Global Business Services (GBS) Delivery Model	June 2020
Retail & CPG Global Business Services in the Times of COVID-19 – Driving Enterprise Immunity through Digital	June 2020
Scaling Up Intelligent Automation Adoption in GBS Centers	August 2020
Post-COVID-19 Scenario – The Road Ahead for GBS Organizations	September 2020
Recalibrating for Resiliency – 2021 Key Issues in Global Sourcing – GBS Perspective	February 2021
<b>The Role of Global Business Service (GBS) organizations in the automotive industry: What lies ahead?</b>	<b>March 2021</b>

Note: For a list of all our published Catalyst™ reports, please refer to our [website page](#)



# Research calendar

## Engineering Services

■ Published
 ■ Planned
 ■ Current release

### Flagship Engineering Services reports

	Release date
Verification & Validation Engineering Services PEAK Matrix® Assessment	January 2020
Industry 4.0 Services PEAK Matrix® Assessment: The Transformational Leap in Cyber-physical Convergence	September 2020
Semiconductor Engineering Services PEAK Matrix® Assessment	Q1 2021
Software Product Engineering Services PEAK Matrix® Assessment	Q1 2021

### Thematic Engineering Services reports

	Release date
Global Services Market Pressing Issues in 2020: Enterprises Engineering Perspective	February 2020
Digital Engineering: An Opportunity Unparalleled	February 2020
A Framework-driven Approach for Verification and Validation (V&V) of IoT Systems	May 2020
The Future of Mobility – on the Cusp of the Electrification Revolution	May 2020
Engineering the 5G World	June 2020
Engineering Services Skills Handbook: Preparing for the Next Wave of Growth in Global ER&D	July 2020
Leading European Locations for Global Delivery of Engineering Services	October 2020
Cloud Engineering – The Center Stage of Global ER&D	November 2020
Leading the Pack: Trends for the Top 200 Engineering Research & Development (ER&D) Enterprises	January 2021
<b>The Role of Global Business Service (GBS) organizations in the automotive industry: What lies ahead?</b>	<b>March 2021</b>
Digital Twins and their Adoption Across Industries	Q1 2021

Note: For a list of all our published Engineering Services reports, please refer to our [website page](#)



Everest Group is a consulting and research firm focused on strategic IT, business services, engineering services, and sourcing. Our clients include leading global enterprises, service providers, and investors. Through our research-informed insights and deep experience, we guide clients in their journeys to achieve heightened operational and financial performance, accelerated value delivery, and high-impact business outcomes. Details and in-depth content are available at [everestgrp.com](https://www.everestgrp.com).

## Stay connected

### Website

[everestgrp.com](https://www.everestgrp.com)

### Social Media

-  @EverestGroup
-  @Everest Group
-  @Everest Group
-  @Everest Group

### Blog

[everestgrp.com/blog](https://www.everestgrp.com/blog)

### Podcast

DigitalReallTy



### 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)  
+1-647-557-3475

*This document is for informational purposes only, and it is being provided "as is" and "as available" without any warranty of any kind, including any warranties of completeness, adequacy, or fitness for a particular purpose. Everest Group is not a legal or investment adviser; the contents of this document should not be construed as legal, tax, or investment advice. This document should not be used as a substitute for consultation with professional advisors, and Everest Group disclaims liability for any actions or decisions not to act that are taken as a result of any material in this publication.*