

## Market Vista™: Q1 2022

Data and Analysis: October - December 2021

February 2022: Select Findings



# Our research offerings

This report is included in the following research program(s):

## Market Vista™

- ▶ Application Services
- ▶ Banking and Financial Services Business Process
- ▶ Banking and Financial Services Information Technology
- ▶ Catalyst™
- ▶ Clinical Development Technology
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- ▶ Supply Chain Management (SCM) Services
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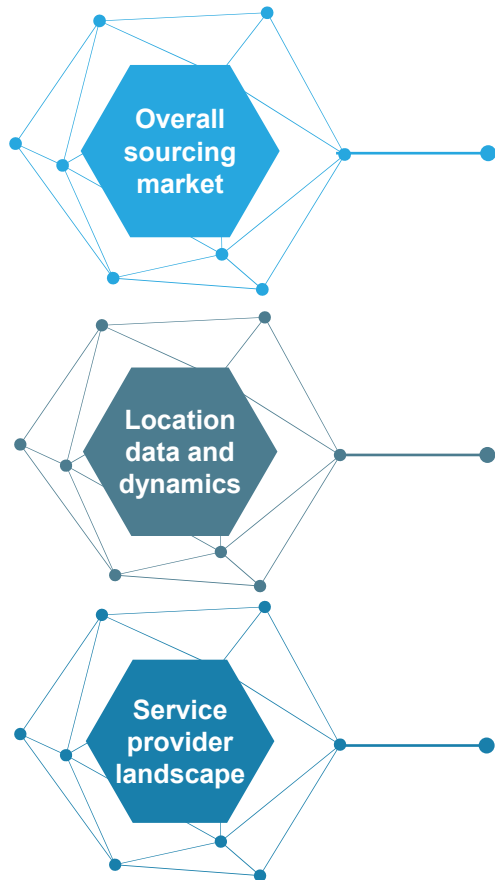
Market intelligence

Tracking: 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 Q4 2021



The demand for digital services such as automation, blockchain, cybersecurity and, IoT experienced an increase driven by cloud-based contracts as businesses are moving towards cloud infrastructure which ensures better data protection, faster data operations, and the ability to modernize legacy business processes seamlessly.

Activity in offshore locations experienced an increase, evident of post-COVID economic recovery in this region wherein India was the leading location followed by China. The rate of setups has seen some stabilization in the last two quarters, however, has not reached pre-COVID levels.

GBS activity increased in offshore Asia by the manufacturing industry to leverage ER&D services, primarily in China to develop e-mobility and autonomous driving capabilities.

Operating margin of service providers is at its lowest when compared to the last two quarters while revenues have increased, primarily due to increase in the employee cost, sub-contractor cost, hiring cost, and lower utilization of resources.

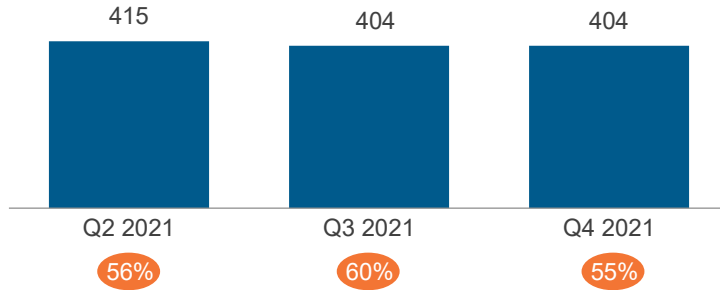
M&A and alliance activity experienced an increase driven by increased demand for digital-based capabilities, primarily AI and cloud.

# Global services dashboard | Q4 2021

Share of digital-focused activity

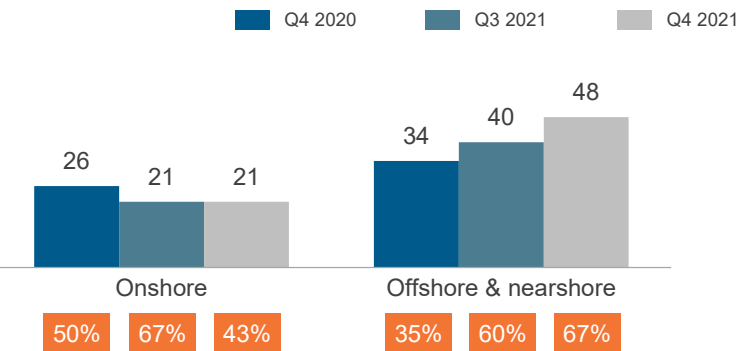
## Outsourcing/offshoring market overview

**Outsourcing demand remained the same, whereas share of digital deals decreased compared to the previous quarter**  
Number of outsourcing transactions



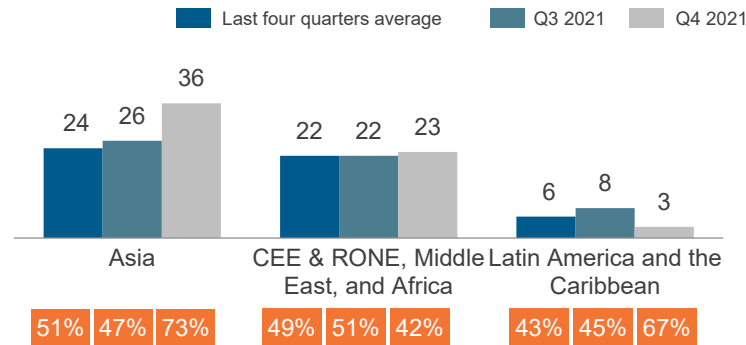
## GBS activity increased vis-a-vis Q3 2021

Number of new GBS setups and expansions

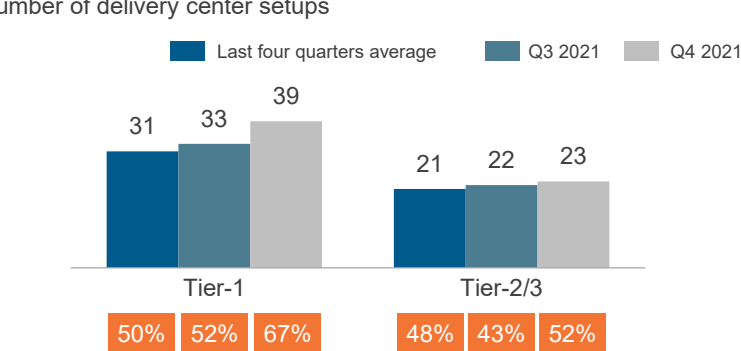


## Offshore/nearshore location dynamics

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

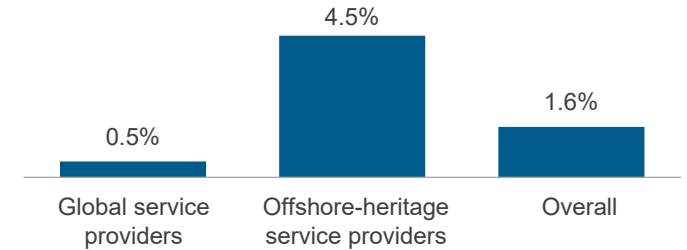


**Share of activity in tier-1 and tier-2/3 locations increased compared to the previous quarter**  
Number of delivery center setups

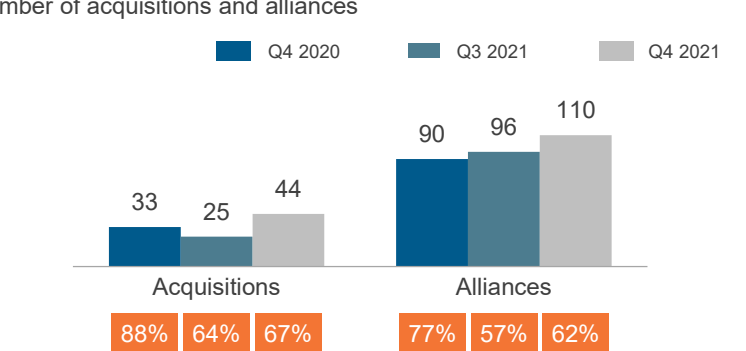


## Service provider developments and trends

**The consolidated revenue for offshore heritage increased and global providers remained stagnant in Q3 2021**  
Sequential growth in revenue (Q3 2021 vs. Q2 2021)



**Both acquisition and alliance activity saw an increase in this quarter 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.

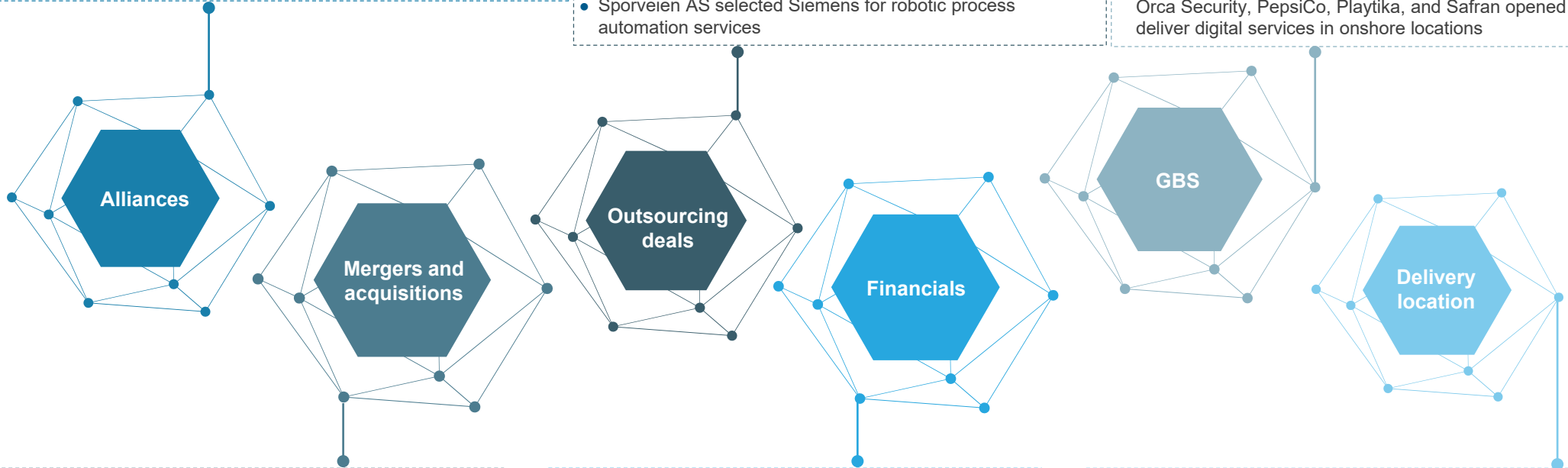
# Key developments in the digital space | Q4 2021

## Digital-focused activity

- TCS partnered with Health Innovation Exchange, a technology firm, to develop digital solutions for addressing challenges faced by global health ecosystems and move toward a sustainable future
- Accenture partnered with UiPath, a software company, to help organizations boost the adoption of enterprise-wide automation, accelerate technology transformation efforts, and create new growth opportunities

- Drug Enforcement Administration (US) selected GovernmentCIO for cloud services
- US Marshals Service selected Accenture for cloud, analytics, and mobility services
- City of Stockholm (Sweden) selected TietoEVRY for robotic process automation & artificial intelligence services
- Sporveien AS selected Siemens for robotic process automation services

- Enterprises such as 7-Eleven, Alter Domus, CH Robinson, Compass, CredAvenue, Crompton Greaves, CyanConnode, Daimler, Equinix, Google, Huawei, Legato, Nestle, Tesla, TSB Bank, UPS, Tum China, ZF Friedrichshafen, and Zipcar opened GBS centers to provide digital services in offshore and nearshore locations
- Enterprises such as Astra Zeneca, Bitpanda, Flutter, GKN, Huawei, Orca Security, PepsiCo, Playtika, and Safran opened GBS centers to deliver digital services in onshore locations



- Accenture acquired BRIDGEi2i, an analytics firm, to strengthen and scale its capabilities in data science, ML, and AI-powered insights
- Tech Mahindra acquired Green Investments, a technology company, to bolster its capabilities in digital experience solutions such as learning and development, marketing, instructional design, and engineering

- Infosys' digital revenue accounted for 56.1% of the total revenue (~US\$3,998 million), a YoY CC growth of 42.4%
- Atos' digital revenue accounted for 52% of the total revenue (~US\$3,143 million)

- OnePoint established a tech hub in Melbourne, Australia, to service their clients in the APAC region and enhance internal digital and analytics capabilities
- Accenture opened an advanced technology center in Thailand focused on cloud, mobile, data analytics, AI, intelligent software engineering service, and cybersecurity and to support clients for digital transformation

## Service provider developments | Market Vista™ Index service providers

### Global service providers



### Offshore-heritage service providers



This section focuses on trend analysis for the above-mentioned service providers 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.

For detailed information, please refer to “SP analysis – Standard” and “SP analysis – Interactive” tabs of **Everest Group – Market Vista™ Q1 2022 – Appendix**

# Research calendar

## Market Vista™

■ Published
 ■ Planned
 ■ Current release

### Flagship reports

### Release date

Market Vista™ : Q4 2020	November 2020
Market Vista™ : 2020 Year in Review and Outlook for 2021	March 2021
Market Vista™ : Q1 2021	February 2021
Market Vista™ : Q2 2021	May 2021
Market Vista™ : Q3 2021	August 2021
Market Vista™ : Q4 2021	December 2021
<b>Market Vista™ : Q1 2022</b>	<b>February 2022</b>
Market Vista™ : 2021 Year in Review and Outlook for 2022	Q1 2022
Market Vista™ : Q2 2022	Q2 2022

### Thematic reports

### Release date

Global Services Market Pressing Issues: Service Providers' Perspective	March 2020
Market Vista™: Industry Insights – Life Sciences	June 2020
Market Vista™: Industry Insights – Oil & Gas	October 2020
Market Vista™: Industry Insights – Technology	July 2021
Market Vista™: Industry Insights – Insurance	November 2021
Market Vista™: Industry Insights – Banking	December 2021

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





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