

Market Vista™: Q2 2022

June 2022: Complimentary Abstract / Table of Contents



Our research offerings

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

Market Vista™

- ▶ Application Services
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- ▶ Service Optimization Technologies
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- ▶ Supply Chain Management (SCM) Services
- ▶ Sustainability Technology and Services
- ▶ Talent Excellence GBS
- ▶ Talent Excellence ITS
- ▶ Technology Skills and Talent
- ▶ Trust and Safety
- ▶ Work at Home Agent (WAHA) Customer Experience Management (CXM)

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Tracking: providers, locations, risk, technologies

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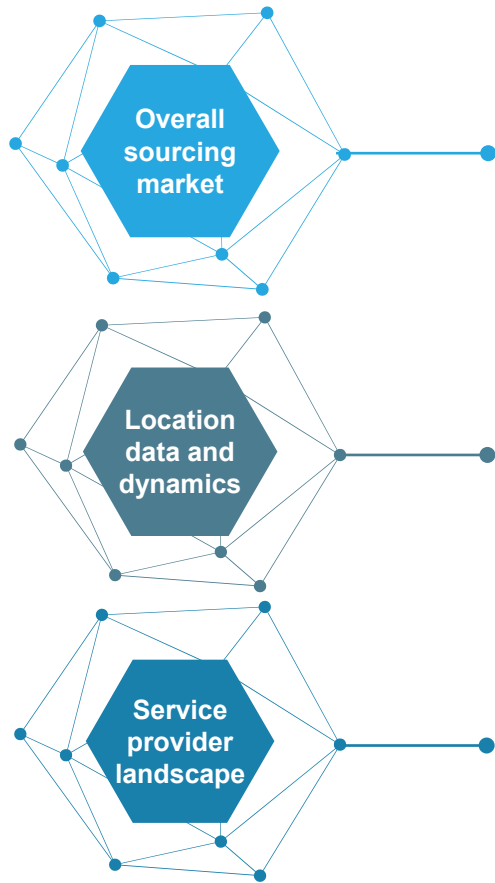
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Market Vista | Overview

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 M&A 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 2022



The demand for BPO services in the retail and CPG sector increased in the US and the UK, with retail companies increasingly looking to BPO management strategies, analytics solutions, and the management of supply chain risks to augment operational efficiencies, increase productivity, and reduce costs.

The number of service provider delivery center setups has significantly increased in offshore locations, reaching almost pre-pandemic levels. India was the leading location, followed by Costa Rica, for new center setups in Q1 2022. Additionally, India experienced a significant increase in GBS center setups, with enterprises looking to leverage low-cost engineering talent amid the current inflationary environment.

Revenues increased for offshore and global service providers on a sequential and annual basis. However, the operating margin contracted in Q1 when compared to the last few quarters due to wage inflation, talent retention initiatives, upskilling and reskilling costs, and hiring costs due to high attrition.

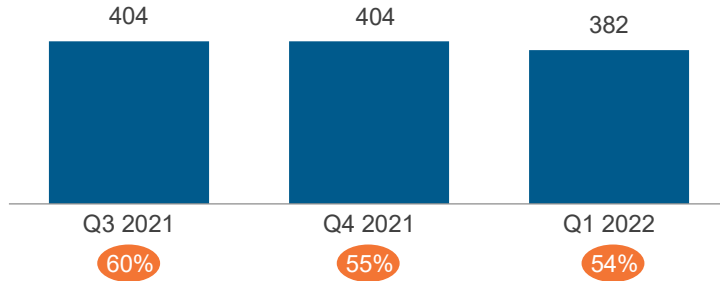
M&A activity plummeted in Q1 due to the high valuation of start-up firms. Accenture posted a significant decline in the number of acquisitions even as it doubled its acquisition budget due to the many high-value acquisitions that the firm completed in the past quarter.

Global services dashboard | Q1 2022

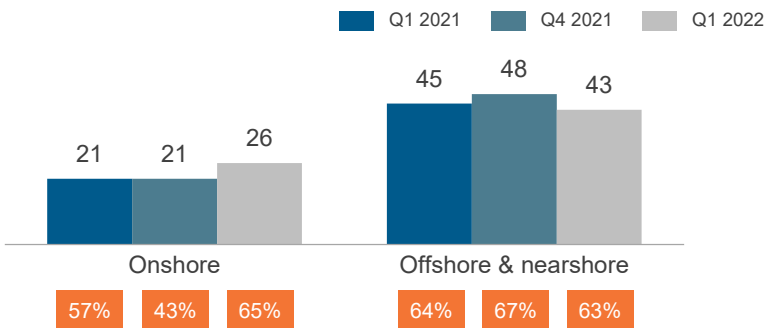
Share of digital-focused activity

Outsourcing/offshoring market overview

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

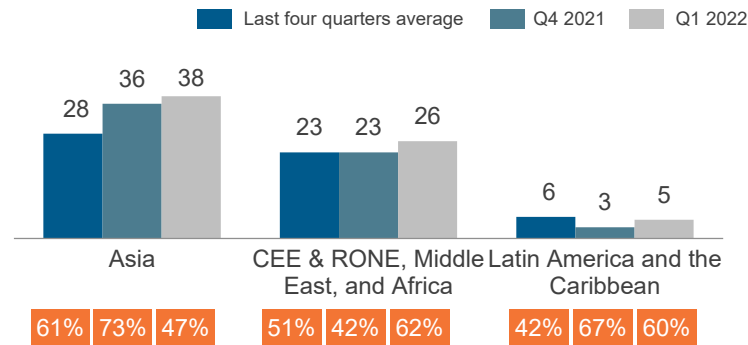


Onshore GBS activity increased vis-a-vis Q4 2021
Number of new GBS setups and expansions

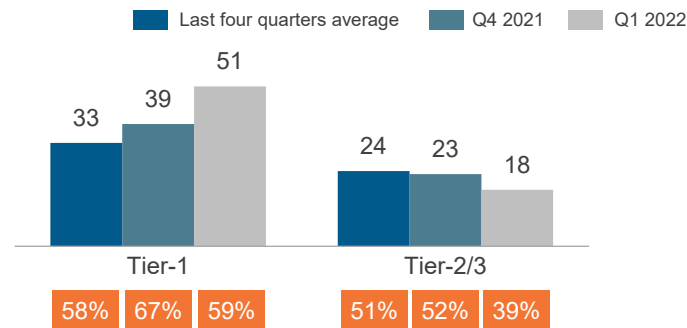


Offshore/nearshore location dynamics

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

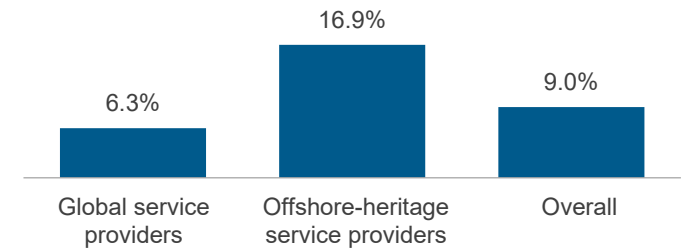


Share of activity in tier-1 locations increased, compared to the previous quarter
Number of delivery center setups

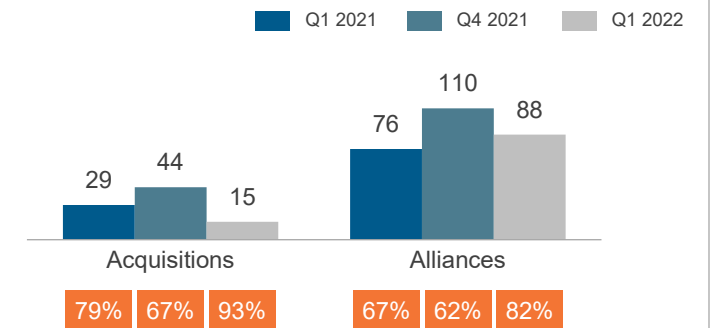


Service provider developments and trends

The consolidated revenue for both offshore-heritage and global providers increased in Q1 2021
Annual growth in revenue (Q4 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

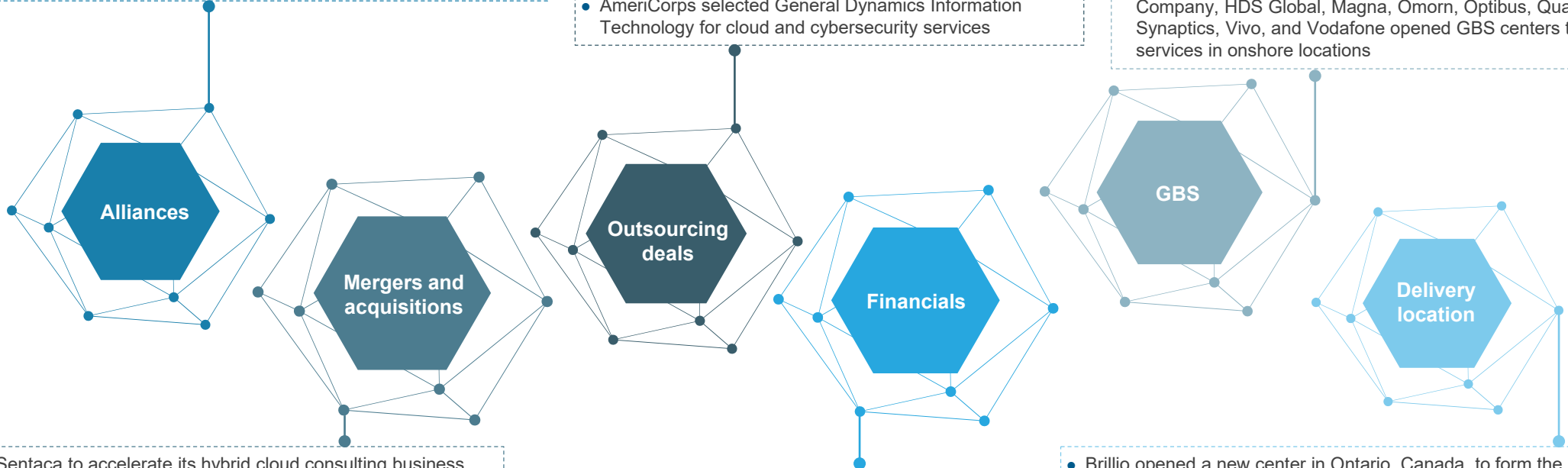
Key developments in the digital space | Q1 2022

Digital-focused activity

- Atos partnered with Microsoft Corporation to jointly accelerate digital transformation and opportunities in the cloud in Qatar to further support customers and other prospects in the country
- IBM partnered with the University of Florida to jointly launch a comprehensive program to develop the skills of students and faculty in several technologies such as AI, cybersecurity, quantum cloud computing, hybrid cloud, and data science

- The Department of Agriculture (US) selected Lumen Technologies for cloud services
- Transportation Security Administration selected Accenture for cybersecurity services
- ABB Group selected Wipro for analytics and automation services
- AmeriCorps selected General Dynamics Information Technology for cloud and cybersecurity services

- Enterprises such as 3M, Amazon, ams OSRAM, Circles Global, Deliveroo, Gramener, Legato, Mercedes Benz, Microsoft, Pratt & Whitney, PureSoftware, Radware, Resecurity, Trimble, Whirlpool, WPP, and Zinkworks opened GBS centers to provide digital services in offshore and nearshore locations
- Enterprises such as Argo AI, BBVA, C3 AI, CNH Industrial, Deere & Company, HDS Global, Magna, Omorn, Optibus, Qualcomm, Synaptics, Vivo, and Vodafone opened GBS centers to deliver digital services in onshore locations



- IBM acquired Sentaca to accelerate its hybrid cloud consulting business and add critical skills to help Communications Service Providers (CSPs) and media giants modernize on multiple cloud platforms, innovate, and transform their businesses
- Tech Mahindra acquired Geomatic.AI to deliver drone technology, digital twins, and AI-led services to the energy & utilities, transportation, oil & gas, and public sector

- Infosys' digital revenue accounted for 59.2% of the total revenue (~US\$4,290 million), a YoY Constant Currency (CC) growth of 38.8%
- Cognizant's digital revenue accounted for approximately 45% of total revenue (~US\$4,800 million), a YoY CC growth of 20%

- Brillio opened a new center in Ontario, Canada, to form the base center for the delivery of engineering and advisory services, data analytics engineering, customer experience and engagement services, product and platform engineering, and digital infrastructure
- Accenture opened an advanced technology center in Malaysia focused on cloud infrastructure engineering services, software engineering, data, and AI to clients in this region

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 Consulting
- 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
- 9 IBM separated its managed infrastructure services business and formed Kyndryl

For detailed information, please refer to the “Dashboard section” of Everest Group – Market Vista™ Q2 2022 – Appendix

Research calendar

Market Vista™

■ Published
 ■ Planned
 ■ Current release

Reports title	Release date
Market Vista™: Industry Insights – Technology	July 2021
Market Vista™: Q3 2021	August 2021
Market Vista™: Industry Insights – Insurance	November 2021
Market Vista™: Q4 2021	December 2021
Market Vista™: Industry Insights – Banking	December 2021
Trump Cards: Driving Healthcare Innovation During Uncertainty	December 2021
It Is Not a Talent War; It Is a New Reality – 2022 Key Issues in Global Sourcing	February 2022
Market Vista™: Q1 2022	February 2022
It Is Not a Talent War; It Is a New Reality – 2022 Key Issues in Global Sourcing – Service Provider Perspective	March 2022
Market Vista™: 2021 Year in Review and Outlook for 2022	March 2022
Market Vista™: Industry Insights – Telecom and Network	May 2022
Market Vista™: Q2 2022	June 2022
Market Vista™: Q3 2022	Q3 2022
Market Vista™: Industry Insights – Healthcare	Q3 2022
Market Vista™: Q4 2022	Q4 2022

Note: [Click](#) to see a list of all of our published Market Vista™ reports



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