

# Market Vista™: Q3 2022

Data and Analysis: April – June 2022 – Select Findings



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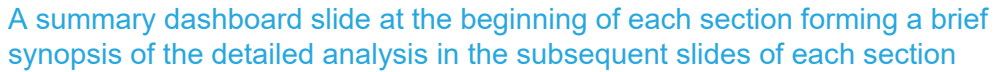
# Changes in Market Vista™ Q3 2022


 Inclusions in previous iterations  Changes introduced in Market Vista™ Q3 2022 report

- 1** Addition of 11 service providers (Arvato, Cyient, EPAM, Globant, Kyndryl, LTI, LTTS, Mindtree, Mphasis, Persistent, and TTEC) and removal of five service providers (AVL, Capita, Fujitsu, Sutherland, and T-systems). Changes are reflected in the outsourcing overview section for financials, M&A, and locations analysis

Coverage included 29 service providers  Coverage now includes 35 service providers
- 2** Section consolidation of the report

Market overview section comprised of outsourcing and GBS analysis followed by service provider development section and locations trends and risk section  Outsourcing and service provider development sections have been combined to form section I of the report under outsourcing overview followed by GBS market trends and locations trends and risk sections
- 3** Addition of overview dashboard slides in the outsourcing, GBS, and locations trends sections

Not present in the previous iterations  A summary dashboard slide at the beginning of each section forming a brief synopsis of the detailed analysis in the subsequent slides of each section
- 4** Addition of outsourcing and GBS health index slides in section I and II

Not present in the previous iterations  A market health index analysis calculated using multiple parameters under transactions and GBS centers comprising of favorable and unfavorable factors impacting respective markets

## Global services | key market trends in Q2 2022



The number of publicly announced transactions declined sharply in Q2 2022. Enterprise demand for the datacenter and colocation market increased to expand the reach and capabilities of their networks. Additionally, the growing adoption of cloud services across companies increased the use of datacenters.

Providers' operating margins continue to contract, though revenue increased in Q1 2022 due to higher costs on account of wage hikes, wage payouts and bonuses, and sub-contractor costs.

M&A activity significantly increased in Q2 2022 compared to the previous quarter. About 17% of the M&As were centered around ESG, including driving sustainability, improving sustainability performance, and adding sustainability-based capabilities for clients.

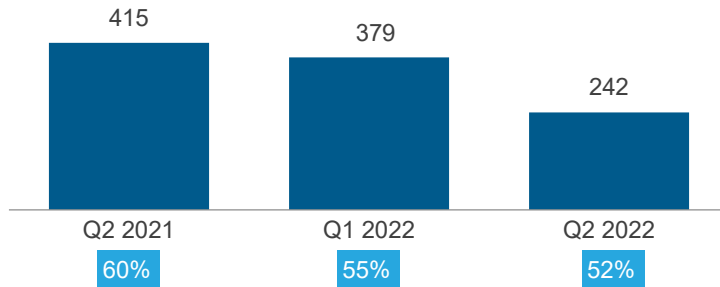
Offshore delivery continues to experience recovery in terms of the number of setups, with activity increasing in Central and Eastern Europe (CEE) and Rest of Nearshore Europe (RONE) compared to Q1 2022, but it remains lower than before the Russia-Ukraine conflict, indicating companies' cautious outlook toward the CEE region. GBS setups increased in Western Europe, particularly Germany and the UK, with enterprises looking to access niche and localized engineering talent pools.

# Global services dashboard | Q2 2022

xx% Share of digital-focused activity

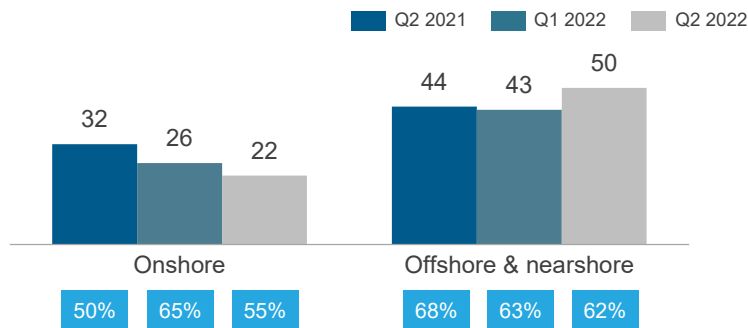
## Outsourcing/offshoring market overview

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



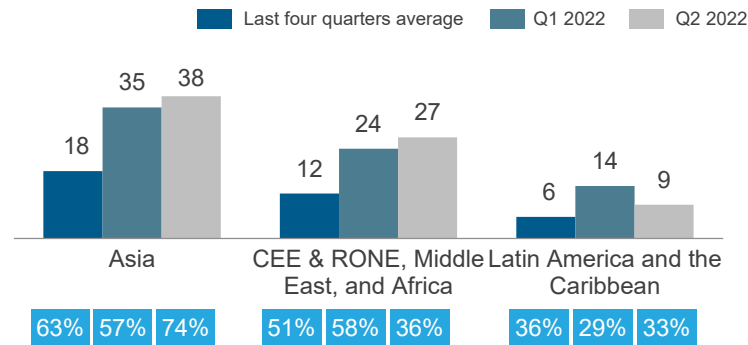
## Overall GBS activity increased vis-a-vis Q1 2022

Number of new GBS setups and expansions



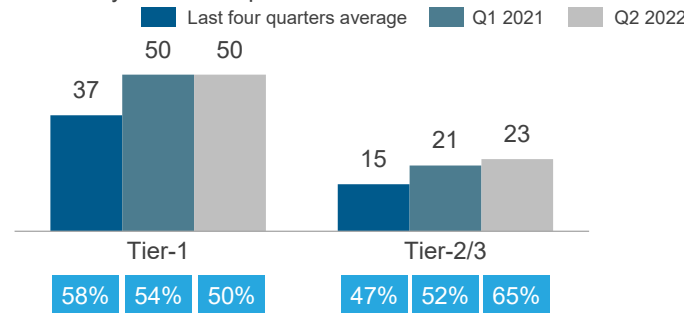
## Offshore/nearshore location dynamics

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



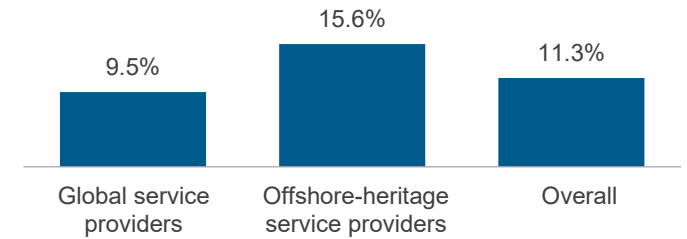
## Number of setups in tier-2/3 locations increased while tier-1 remained the same during Q2 2022; Share of digital setups in tier-2/3 increased significantly

Number of delivery center setups



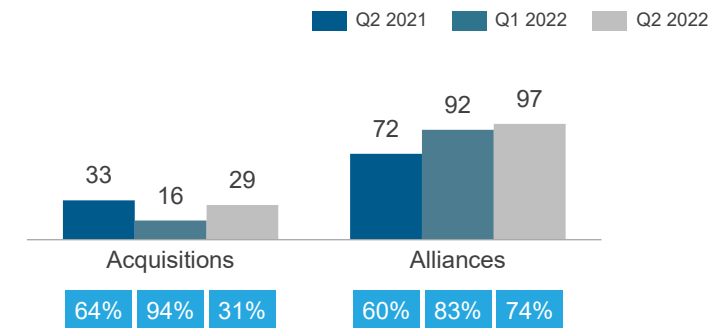
## Service provider developments and trends

The consolidated revenue for both offshore-heritage and global providers increased in Q1 2022  
Annual growth in revenue (Q1 2022 vs. Q1 2021)



## Both acquisition and alliance activity increased, compared with the previous quarter

Number of acquisitions and alliances



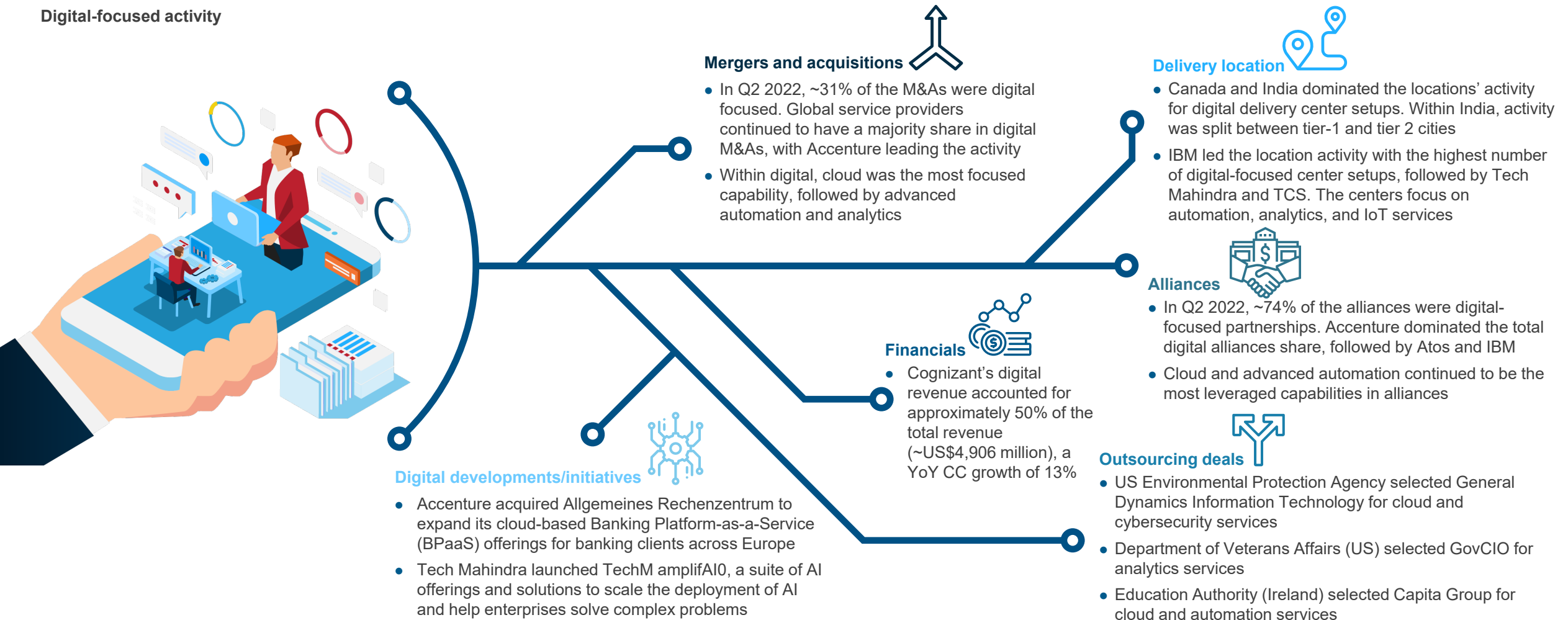
Note 1 Digital details around each parameter are added in respective sections  
Note 2 Q1: January-March, Q2: April-June, Q3: July-September, and Q4: October-December



# Key developments in the digital space | Q2 2022

## Digital-focused activity

### Digital-focused activity



# Research calendar

## Market Vista™

■ Published
 ■ Planned
 ■ Current release

Reports title	Release date
Market Vista™: Industry Insights – Banking and Financial Services	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 – Enterprise Perspective	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
The Growing Need for Inclusive Talent Models: Learning from Impact Sourcing Specialists	May 2022
Impact Sourcing Specialists Profiles - 2022	June 2022
Market Vista™: Q2 2022	June 2022
<b>Market Vista™: Q3 2022</b>	<b>September 2022</b>
Market Vista™: Industry Insights – Healthcare	Q3 2022
Market Vista™: Industry Insights – Retail and CPG	Q4 2022
Market Vista™: Q4 2022	Q4 2022
Market Vista™: 2022 Year in Review and Outlook for 2023	Q1 2023
2023 Key Issues in Global Sourcing	Q1 2023

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



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