Global Locations State of the Market 2022 – Key Trends Shaping the Landscape

December 2022: Complimentary Abstract / Table of Contents

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Contents

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Contents

Our research methodology is based on four pillars of strength to produce actionable and insightful research for the industry

01

Robust definitions and frameworks

Function specific pyramid, Total Value Equation (TVE), PEAK Matrix®, and market maturity

02

Primary sources of information

Annual contractual and operational RFIs, provider briefings and buyer interviews, web-based surveys

03

Diverse set of market touchpoints

Ongoing interactions across key stakeholders, input from a mix of perspectives and interests, supports both data analysis and thought leadership

04

Fact-based research

Data-driven analysis with expert perspectives, trend-analysis across market adoption, contracting, and providers

Year-round tracking of 300+ locations globally

Large repository of existing research for locations

Over 30 years of experience advising clients on strategic IT, business services, engineering services, and sourcing

Executive-level relationships with buyers, providers, technology providers, and industry associations

Background and scope of the research

Background

- The global services market continued to grow in 2021 and is valued at approximately US$243 billion. It is expected to grow by around 12% by the end of 2022. The global services market headcount continued to grow in 2022 across geographies and approximately stands at 9.6 million FTEs

- Organizations have diversified their locations portfolio across the globe with the expansion of both existing locations and new locations for the delivery of different services. The importance of having a balanced and well-diversified location mix has never been more important with the impact of COVID-19, macroeconomic headwinds, and geopolitical tensions disrupting business delivery. Everest Group supports key enterprises in choosing the best locations by tailoring the need of the client to our expertise

- This report provides an extensive assessment of the global locations and center landscape and adoption trends as of 2022, and elaborates on key 2022-23 priorities for leaders along with action steps for building a successful location mix

Methodology
This report is based on Everest Group's coverage of the global market based on ongoing market interactions, thought leadership as industry-leading analyst in this space, and our proprietary databases.

Note: Analysis for all dimensions up through 2021 is based on actuals while that for 2022 is based on Everest Group estimates, validated through primary and secondary research

Scope of this report

Global services market
Growth, key drivers, and challenges

Locations
All key global service delivery locations across Asia Pacific, the Americas, Europe, Middle East and Africa
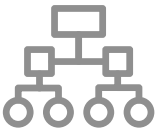
Functions
All key functions, i.e., IT-ADM, IT-infrastructure, voice BPS, non-voice BPS, and ER&D

Key definitions and inclusions

- **Global services market by revenue**: Total services exports of all countries in the world. Includes notional revenues from in-house / shared services organizations; revenues from third-party IT services and business process service providers. Does not include revenues from domestic (national) markets. Functions included:
  - Business Process Services (BPS): includes voice business processes (also contact center), non-voice business processes, industry-specific business processes, and knowledge-based processes
  - Information Technology (IT): includes IT-Applications Development and Maintenance (ADM), infrastructure, testing, helpdesk, next-generation technology (cloud, mobility, social media, etc.), and other services related to information technology
  - Engineering and R&D (ER&D): includes engineering and IT-R&D services
- **Global services market by headcount**: estimated headcount (in terms of Full-time Equivalents – FTEs) involved in global services exports (for the functions listed above) in 42 leading delivery locations listed below:

Regions (4)	Countries (45)				
Asia Pacific (APAC)	India	China	Singapore	Philippines	Malaysia
Europe	Belarus	Hungary	Scotland	Bosnia and Herzegovina	Ireland
	Serbia	Bulgaria	Latvia	Slovakia	Croatia
	Lithuania	Spain	The Czech Republic	Poland	Ukraine
	England	Portugal	Estonia	Romania	
Americas	Argentina	Costa Rica	Mexico	Brazil	El Salvador
	Peru	Canada	Guatemala	Trinidad and Tobago	Chile
	Honduras	Uruguay	Colombia	Jamaica	US
Middle East and Africa (MEA)	Egypt	Mauritius	Nigeria	Kenya	Morocco
	South Africa				

Changes in Global Locations State of the Market Report 2022

	Inclusions in previous iterations	Changes introduced in Global Locations State of the Market Report 2022
Country coverage	38 countries	45 countries. Changes are reflected in the regional headcounts and center setup sections.
Shoring coverage	Offshore and nearshore geographies	Addition of key onshore geographies – England, Singapore, and the US. Changes are reflected in the regional headcounts and center setup sections.
Functional coverage	Splits across two broad functional clusters – IT and BPS	Granular splits across five functions – IT-ADM, IT-infrastructure, non-voice BPS, voice BPS, and ER&D
Reclassification of city tiers	Cities have been reclassified into tier-1,2,3/4/5, based on developments in the last three years.	

Key questions addressed by this report

In the wake of the recovery from global pandemic and fears around macroeconomic slowdown, how has the global services market evolved and how is it likely to trend in the future?

How has the global services market performed in key geographies/locations?
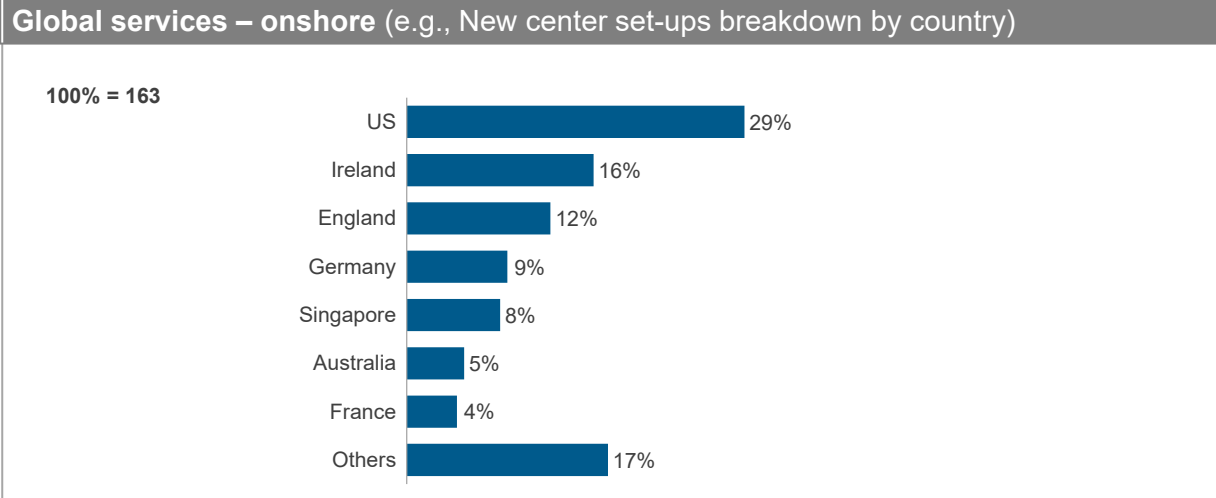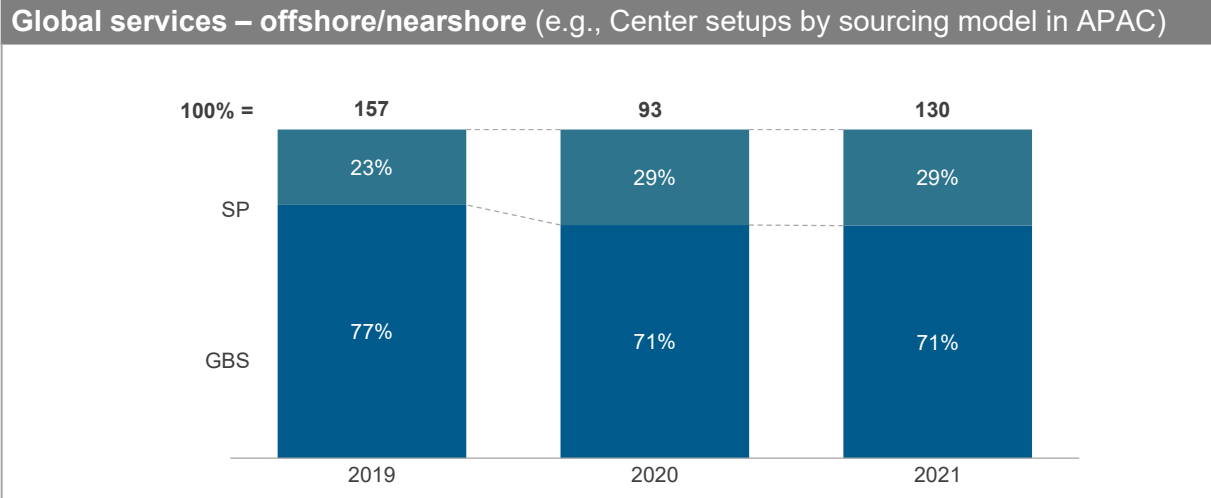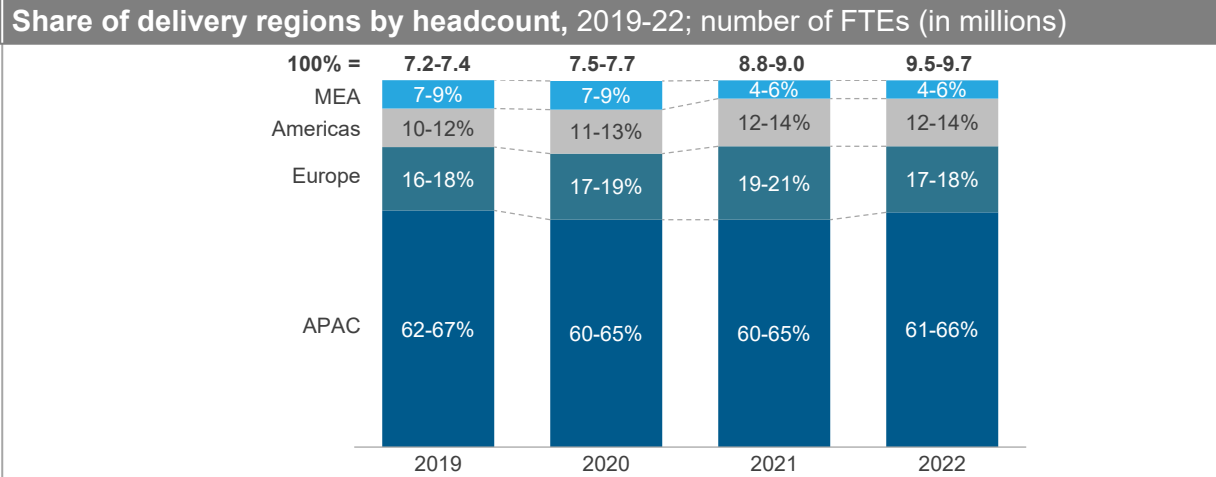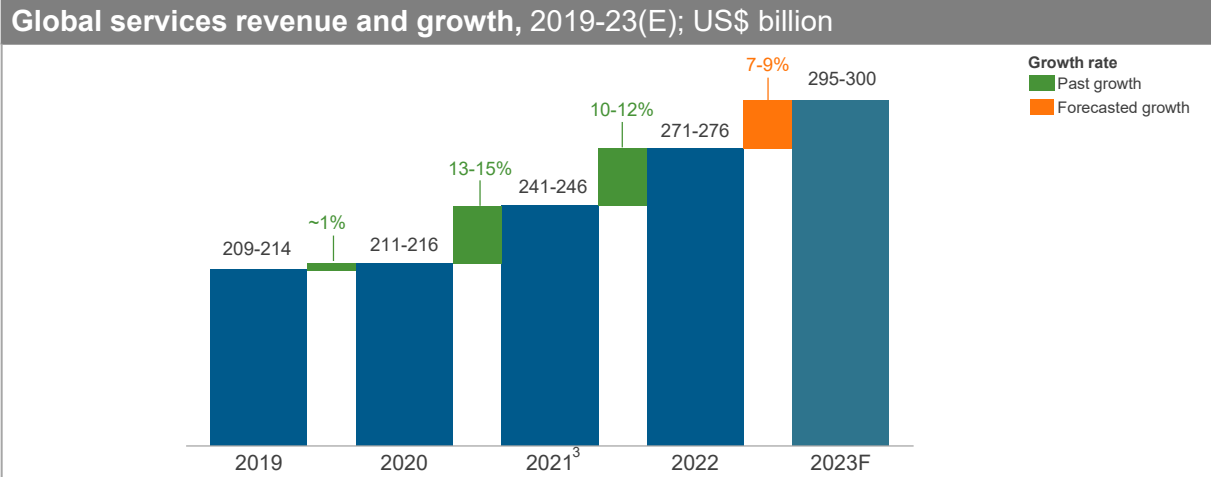What are the leading countries supporting different functions?

How well have the sourcing models and functional delivery incorporated the widespread digital transformation?

What are the top five megatrends that should be on the radar of enterprise locations/workforce strategy stakeholders?

This study provides a deep dive into key aspects of global services market; below are key charts to illustrate the depth of the report

Global services revenue and growth, 2019-23(E); US$ billion

Growth rate
- Past growth (green)
- Forecasted growth (orange)

- 2019: 209-214
- ~1%
- 2020: 211-216
- 13-15%
- 2021[3]: 241-246
- 10-12%
- 2022: 271-276
- 7-9%
- 2023F: 295-300

Share of delivery regions by headcount, 2019-22; number of FTEs (in millions)

100% =	7.2-7.4	7.5-7.7	8.8-9.0	9.5-9.7
	2019	2020	2021	2022
MEA	7-9%	7-9%	4-6%	4-6%
Americas	10-12%	11-13%	12-14%	12-14%
Europe	16-18%	17-19%	19-21%	17-18%
APAC	62-67%	60-65%	60-65%	61-66%

Global services – offshore/nearshore (e.g., Center setups by sourcing model in APAC)

100% =	157	93	130
	2019	2020	2021
SP	23%	29%	29%
GBS	77%	71%	71%

Global services – onshore (e.g., New center set-ups breakdown by country)

100% = 163

- US: 29%
- Ireland: 16%
- England: 12%
- Germany: 9%
- Singapore: 8%
- Australia: 5%
- France: 4%
- Others: 17%

Research calendar
Locations Insider™

Reports title	Release date
Location Spotlight – Malaysia	August 2022
Middle East and North Africa: The Next Frontier in IT-BP Services Delivery	August 2022
Location Spotlight – Kenya	August 2022
Location Spotlight – Pune, India	September 2022
Location Spotlight – Scotland	September 2022
Location Spotlight – Barcelona, Spain	October 2022
India's Services Delivery Overview – Tier-1 Hubs Continue to Grow, Tier-2/3 Speeding Up	November 2022
Location Spotlight – Puerto Rico	November 2022
The Most In-demand Metaverse Skills in the US	November 2022
The War for Talent in Data, Analytics, and AI (DAAI): Finding the Ideal Operating Model for Organizations	November 2022
Location Spotlight – Munich, Germany	December 2022
Global Locations State of the Market 2022 – Key Trends Shaping the Landscape	**December 2022**
Location Spotlight – Fukuoka, Japan	Q1 2023
Location Spotlight – Greece	Q1 2023
Location Spotlight – Singapore	Q1 2023

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