

Market Vista™: Q3 2023

Data and Analysis: April – June 2023 – Select Findings



Our research offerings

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

Market Vista™

- ▶ Amazon Web Services (AWS)
- ▶ Application Services
- ▶ Artificial Intelligence (AI)
- ▶ Asset and Wealth Management
- ▶ Banking and Financial Services Business Process
- ▶ Banking and Financial Services Information Technology
- ▶ Catalyst™
- ▶ Clinical Development Technology
- ▶ Cloud and Infrastructure
- ▶ Contingent Staffing
- ▶ Contingent Workforce Management
- ▶ Customer Experience Management Services
- ▶ CX Excellence
- ▶ CXM Technology
- ▶ Cybersecurity
- ▶ Data and Analytics
- ▶ Digital Adoption Platforms
- ▶ Digital Services
- ▶ Digital Workplace
- ▶ Employee Experience Management (EXM) Platforms
- ▶ Employer of Record (EOR)
- ▶ Engineering Research and Development
- ▶ Enterprise Platform Services
- ▶ Exponential Technologies
- ▶ Finance and Accounting
- ▶ Financial Services Technology (FinTech)
- ▶ GBS Talent Excellence
- ▶ Global Business Services
- ▶ Google Cloud
- ▶ Healthcare Business Process
- ▶ Healthcare Information Technology
- ▶ HealthTech
- ▶ Human Resources
- ▶ Insurance Business Process
- ▶ Insurance Information Technology
- ▶ Insurance Technology (InsurTech)
- ▶ Insurance Third-Party Administration (TPA) Services
- ▶ Intelligent Document Processing
- ▶ Interactive Experience (IX) Services
- ▶ IT Services Excellence
- ▶ IT Services Executive Insights™
- ▶ IT Talent Excellence
- ▶ Life Sciences Business Process
- ▶ Life Sciences Commercial Technologies
- ▶ Life Sciences Information Technology
- ▶ Locations Insider™
- ▶ Marketing Services
- ▶ Market Vista™
- ▶ Microsoft Azure
- ▶ Modern Application Development (MAD)
- ▶ Mortgage Operations
- ▶ Multi-country Payroll
- ▶ Network Services and 5G
- ▶ Oracle Services
- ▶ Outsourcing Excellence
- ▶ Pricing Analytics as a Service
- ▶ Process Mining
- ▶ Process Orchestration
- ▶ Procurement and Supply Chain
- ▶ Recruitment
- ▶ Retail and CPG Information Technology
- ▶ Retirement Technologies
- ▶ Revenue Cycle Management
- ▶ Rewards and Recognition
- ▶ SAP Services
- ▶ Service Optimization Technologies
- ▶ Software Product Engineering Services
- ▶ Supply Chain Management (SCM) Services
- ▶ Sustainability Technology and Services
- ▶ Talent Genius™
- ▶ Technology Skills and Talent
- ▶ Trust and Safety
- ▶ Value and Quality Assurance (VQA)

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

Learn more about our
custom research capabilities

Benchmarking

Contract assessment

Peer analysis

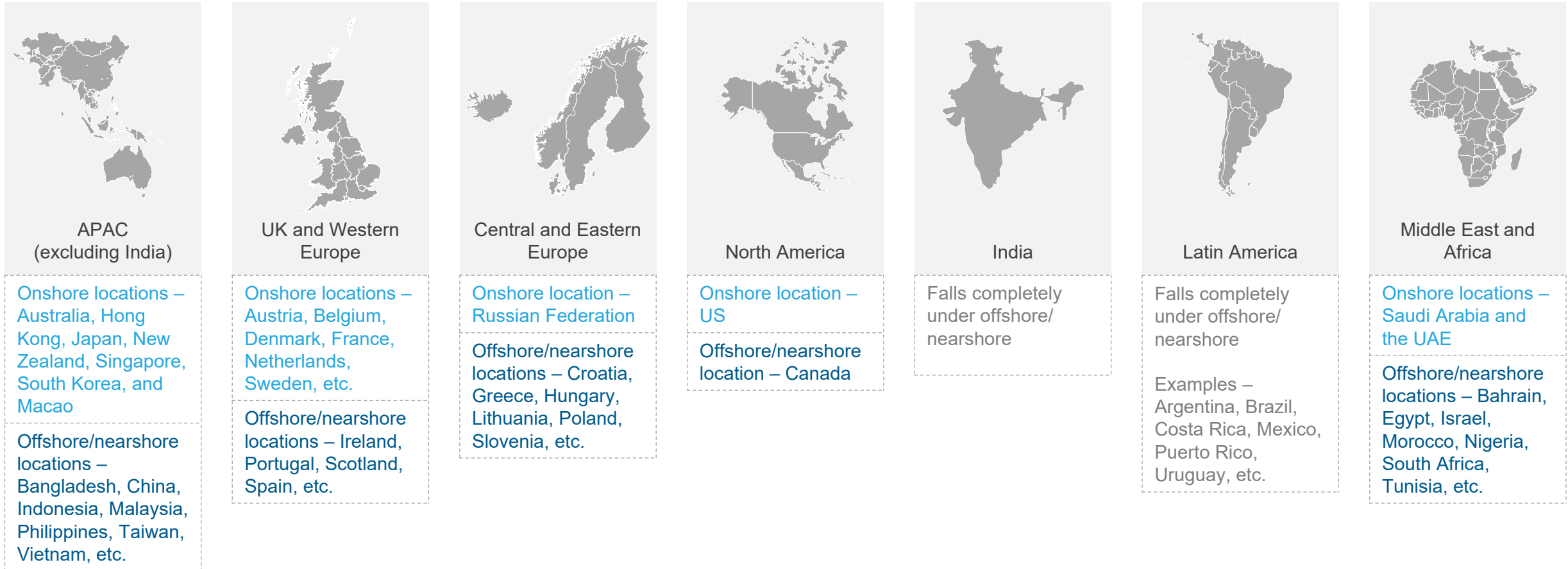
Market intelligence

Tracking: providers, locations,
risk, technologies

Locations: costs, skills,
sustainability, portfolios

In our Market Vista™ Q3 2023 report, we have updated shoring and regions classification to reflect latest market trends

■ onshore
 ■ offshore
 ■ both



Global services | key market trends in Q2 2023



The manufacturing vertical has seen a notable uptick of approximately 225% in Artificial Intelligence (AI) adoption-based transactions in Q2 2023. This surge is driven by the demand for leveraging AI in optimizing production, improving product quality, and reducing waste. Enterprises are also looking to add AI capabilities in predictive maintenance and supply chain management.

The average attrition for MV index providers increased slightly but seems to have settled in the 17-17.5% band. Additionally, headcount growth dropped to negative in Q1 2023 as providers are not back-filling roles with the aim of protecting margin and expanding utilization.

There was a notable surge in alliances as providers partnered with hyperscalers to develop joint industry solutions in generative AI.

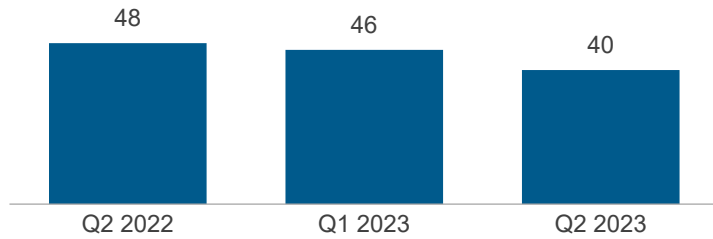
The Banking, Financial Services, and Insurance (BFSI) vertical experienced a surge in-house delivery center setups as banks set-up centers dedicated to enhancing their digital banking product offerings, aimed at improving customer experience and additionally build in-house technical capabilities.

UK and Western Europe experienced a significant surge in in-house delivery center setups, primarily driven by the automotive sector for Research & Development (R&D) in chassis development and battery technologies as companies looked to leverage the developed talent pool in the region and gain access to major European automotive markets.

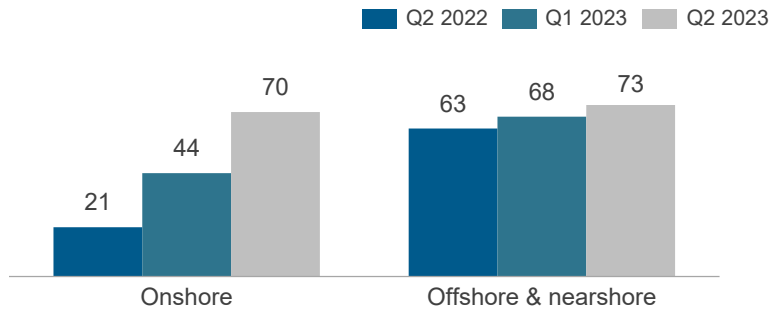
Global services dashboard | Q2 2023

Center setups

The number of service provider center setups/expansions decreased on a sequential and annual basis
Number of service provider delivery center setups

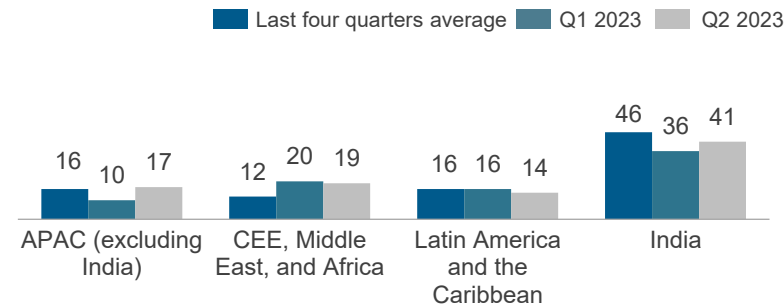


The overall in-house delivery setup activity increased vis-a-vis the last quarter
Number of new in-house delivery setups and expansions

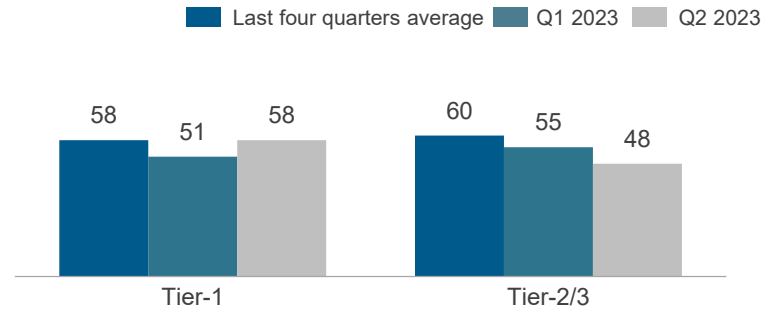


Offshore/Nearshore location dynamics

There was a decline in the overall setup activity compared to the previous quarter
Number of delivery center setups

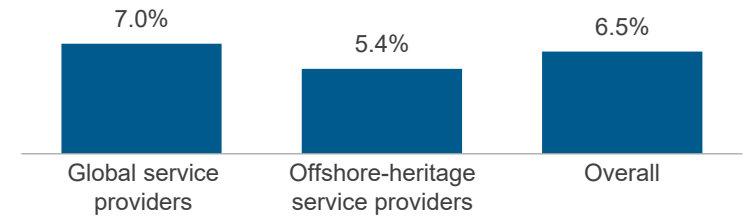


The number of setups in tier-2/3 locations remained almost the same in Q1 2023 compared to the previous quarter
Number of delivery center setups

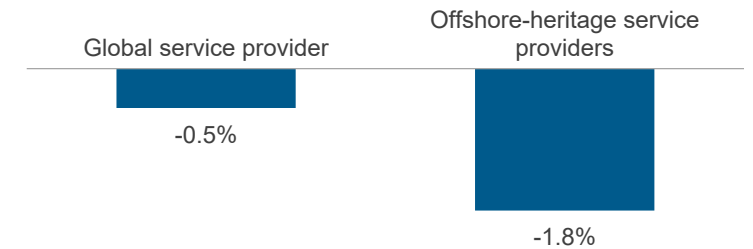


Service provider developments and trends

The annual revenue growth of global service providers surpassed the growth of offshore-heritage service providers
Annual growth in revenue (Q1 2023 vs. Q1 2022)



The YoY headcount growth for both offshore-heritage service providers and global service providers was negative in Q1 2023
Headcount growth, Q1 2023 vs. Q1 2022



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

Market Vista reports highlight key trends and developments across outsourcing transactions, the overall health of transactions and Global Business Services (GBS) markets, location risks and opportunities, and provider developments

Service provider developments | Market Vista™ Index service providers

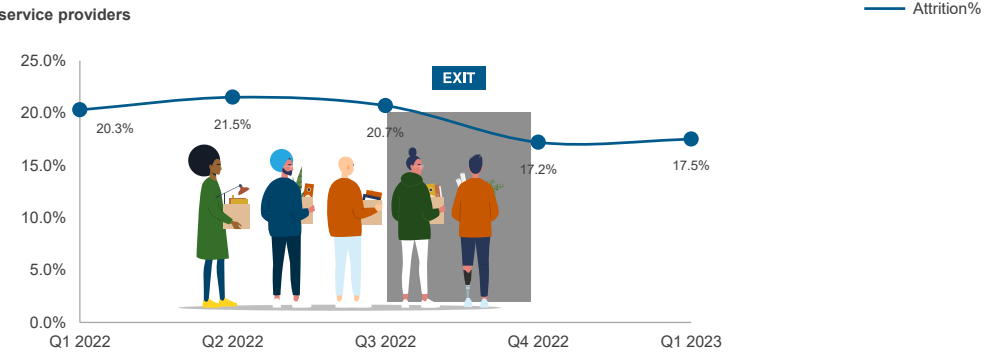
Engineering service providers

Global service providers

Offshore-heritage service providers

Service provider developments | Market Vista™ Index service providers overview

Attrition rate of MV index service providers



Average attrition rate increased by 20 bps sequentially to reach 17.5% in Q1 2023. After declining for two quarters in a row, attrition seems to have settled in the 17-17.5% level and with demand-side pressures easing up, it is not expected to move significantly in either direction.

In-house delivery setups and expansions | by region

Key enterprises

NOT EXHAUSTIVE

Onshore Offshore and nearshore

- North America: 32 setups**
Leading in-house centers: ABB Group, BASF, Daikin, Maersk, Tata Elxsi, Yamaha Corporation, etc.
- UK and Western Europe: 42 setups**
Leading in-house centers: BASF, Daikin, JK Tyres, Merck & Co, Lufthansa, etc.
- CEE: 8 setups**
Leading in-house centers: Air Serbia, Amazon, Skoda Auto, T-Mobile, etc.
- India: 27 setups/expansions**
Leading in-house centers: Castrol India, DataBricks, GAIL, Honeywell International, Tata Motors Finance, Sprinklr, etc.
- APAC (excluding India): 23 setups**
Leading in-house centers: Honor, LVMH, Samsung SDI, Tesla Motors, Zimmer Biomet, etc.
- Latin America and Caribbean: 6 setups/expansions**
Leading in-house centers: Avon, Maersk, Suzuki Marine, etc.
- MEA: 5 setups/expansions**
Leading in-house centers: Alstom, Diageo, MBDA, etc.

Locations dashboard

Location	Top cities	Number of center setups	Share of digital centers	Share of tier-2/3 centers	Share of in-house delivery centers	Favorability of operating and business environment
Top onshore location						
US	Philadelphia, New York	31 ↑	↑	↑	↑	High
England	Liverpool, Oxford	9 ↑	↑	↑	↑	Moderate
Germany	Heidelberg, Brunsbuttel	7 ↑	↑	↑	↑	Moderate
Japan	Tokyo, Yokohama	3 ↑	↓	↓	↑	Low
Singapore	Singapore	3 ↑	↑	↑	↑	Moderate
Top offshore/nearshore location						
India	Bangalore, Hyderabad	41 ↑	↑	↑	↑	Moderate
China	Shanghai, Shenzhen	9 ↑	↑	↓	↑	Moderate
Spain	Barcelona	8 ↑	↓	↑	↑	Moderate
Poland	Krakow, Warsaw	5 ↑	↑	↑	↑	Moderate
Ireland	Dublin	4 ↓	↑	↑	↓	Moderate
Costa Rica	San Jose	3 ↓	↓	↓	↓	Low
Canada	Vancouver	3 ↓	↑	↑	↑	Moderate
Romania	Iasi	3 ↑	↑	↑	↑	Moderate
Vietnam	Hanoi	3 ↑	↑	↑	↑	Moderate
Honduras	San Pedro Sula	2 ↑	↑	↑	↑	Moderate

- Decreased from last quarter
- Same as last quarter
- Increased from last quarter
- Low
- Moderate
- High

- The share of top onshore locations center setup activity increased in Q2, compared to the previous quarter; also, the share of top offshore/nearshore locations center setup activity increased in Q2 compared to the previous quarter
- The share of in-house delivery centers increased in most locations in Q2 2023 versus the previous quarter
- The leading onshore locations have highly favorable operating and business environments, whereas most of the leading offshore/nearshore locations have moderate risk exposure

Research calendar

Market Vista™

■ Published
 ■ Planned
 ■ Current release

Reports title	Release date
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
Market Vista™: Q3 2022	September 2022
Market Vista™: Industry Insights – Healthcare	October 2022
Market Vista™: Industry Insights – Retail and CPG	December 2022
Market Vista™: Q4 2022	December 2022
Market Vista™: Q1 2023	March 2023
Market Vista™: 2022 Year in Review and Outlook for 2023	April 2023
2023 Key Issues in Global Sourcing	April 2023
Market Vista™: Q2 2023	June 2023
Market Vista™: Industry Insights – Oil and Gas	June 2023
Market Vista™: Q3 2023	September 2023
Market Vista™: Industry Insights – Life Sciences	Q3 2023
Market Vista™: Q4 2023	Q4 2023
Market Vista™: 2023 Year in Review and Outlook for 2024	Q1 2024

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



Everest Group[®]

With you on the journey

Everest Group is a leading research firm helping business leaders make confident decisions. We guide clients through today's market challenges and strengthen their strategies by applying contextualized problem-solving to their unique situations. This drives maximized operational and financial performance and transformative experiences. Our deep expertise and tenacious research focused on technology, business processes, and engineering through the lenses of talent, sustainability, and sourcing delivers precise and action-oriented guidance. Find further details and in-depth content at www.everestgrp.com.

Stay connected

Dallas (Headquarters)
info@everestgrp.com
+1-214-451-3000

Bangalore
india@everestgrp.com
+91-80-61463500

Delhi
india@everestgrp.com
+91-124-496-1000

London
unitedkingdom@everestgrp.com
+44-207-129-1318

Toronto
canada@everestgrp.com
+1-214-451-3000

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.

Website
everestgrp.com

Social Media
 @EverestGroup
 @Everest Group
 @Everest Group
 @Everest Group

Blog
everestgrp.com/blog

NOTICE AND DISCLAIMERS

IMPORTANT INFORMATION. PLEASE REVIEW THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. THROUGH YOUR ACCESS, YOU AGREE TO EVEREST GROUP'S TERMS OF USE.

Everest Group's Terms of Use, available at www.everestgrp.com/terms-of-use/, is hereby incorporated by reference as if fully reproduced herein. Parts of these terms are pasted below for convenience; please refer to the link above for the full version of the Terms of Use.

Everest Group is not registered as an investment adviser or research analyst with the U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority (FINRA), or any state or foreign securities regulatory authority. For the avoidance of doubt, Everest Group is not providing any advice concerning securities as defined by the law or any regulatory entity or an analysis of equity securities as defined by the law or any regulatory entity.

All Everest Group Products and/or Services are for informational purposes only and are provided "as is" without any warranty of any kind. You understand and expressly agree that you assume the entire risk as to your use and any reliance upon any Product or Service. Everest Group is not a legal, tax, financial, or investment advisor, and nothing provided by Everest Group is legal, tax, financial, or investment advice. Nothing Everest Group provides is an offer to sell or a solicitation of an offer to purchase any securities or instruments from any entity. Nothing from Everest Group may be used or relied upon in evaluating the merits of any investment. Do not base any investment decisions, in whole or part, on anything provided by Everest Group.

Products and/or Services represent research opinions or viewpoints, not representations or statements of fact. Accessing, using, or receiving a grant of access to an Everest Group Product and/or Service does not constitute any recommendation by Everest Group that recipient (1) take any action or refrain from taking any action or (2) enter into a particular transaction. Nothing from Everest Group will be relied upon or interpreted as a promise or representation as to past, present, or future performance of a business or a market. The information contained in any Everest Group Product and/or Service is as of the date prepared, and Everest Group has no duty or obligation to update or revise the information or documentation. Everest Group may have obtained information that appears in its Products and/or Services from the parties mentioned therein, public sources, or third-party sources, including information related to financials, estimates, and/or forecasts. Everest Group has not audited such information and assumes no responsibility for independently verifying such information as Everest Group has relied on such information being complete and accurate in all respects. Note, companies mentioned in Products and/or Services may be customers of Everest Group or have interacted with Everest Group in some other way, including, without limitation, participating in Everest Group research activities.