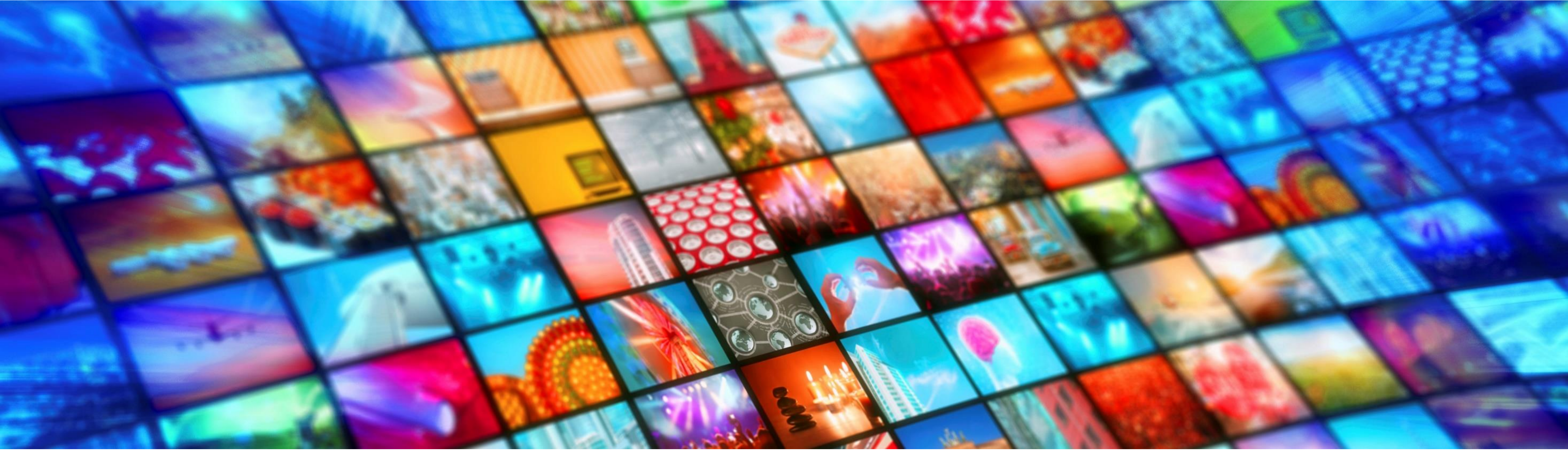

Market Vista™: Q3 2024

Data and Analysis: April-June 2024

September 2024: Complimentary Abstract / Table of Contents

Market Report

MARKET VISTA™

Everest Group®

Our research offerings

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

Market Vista™

- Advanced SciTech
- Amazon Web Services (AWS)
- Application Services
- Artificial Intelligence (AI)
- Asset and Wealth Management
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- Banking and Financial Services Information Technology
- Catalyst™
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- Cloud and Infrastructure
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- CX Excellence
- CXM Technology
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- Cyber Threat Detection and Response
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- Digital Services
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- Global Business Services
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- Insurance Business Process
- Insurance Information Technology
- Insurance Technology (InsurTech)
- Insurance Third-Party Administration (TPA) Services
- Intelligent Document Processing
- Interactive Experience (IX) Services
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- IT Talent Excellence
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- Life Sciences Commercial Technologies
- Life Sciences Information Technology
- Locations Insider™
- Marketing Services
- Market Vista™
- Microsoft Azure
- Microsoft Business Application Services
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- Multi-country Payroll
- Network Services and 5G
- Oracle Services
- Outsourcing Excellence
- Payer and Provider Business Process
- Payer and Provider Information Technology
- Price Genius – AMS Solution and Pricing Tool
- Pricing Analytics as a Service
- Process Intelligence
- Process Orchestration
- Procurement and Supply Chain
- Recruitment
- Retail and CPG
- Retirement Technologies
- Revenue Cycle Management
- Rewards and Recognition
- SAP Services
- Service Optimization Technologies
- Software Product Engineering Services
- Supply Chain Management (SCM) Services
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- Trust and Safety
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- Locations: costs, skills, sustainability, portfolios

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For more information on this and other research published by Everest Group, please contact us:

Hrishi Raj Agarwalla, Vice President

Ravneet Kaur, Practice Director

Arya Baranwal, Senior Analyst

Ravi Joshi, Senior Research Associate

Contents

Global services | key market trends in Q2 2024

In Q2 2024, the total number of ITO contracts increased compared to the same quarter the previous year. Organizations are steadily increasing their IT spending, with significant investments in managed services deals that involve AI services. Additionally, more than 45% of the technology and communications sector contracts saw global growth, especially in the UK and Western Europe, highlighting a surge in IT application technology spending in these regions.

In Q2 2024, AI contracts increased primarily in North America, the UK, and Western Europe, driven by providers focusing on automation solutions such as chatbots and RPA. Additionally, many of these contracts were outcome-based ones, encouraging providers to innovate and deliver value, leading to more strategic partnerships. Similarly, there was a surge in both M&As and alliances due to providers' willingness to accelerate their digital capabilities in AI and generative computing.

Headcount growth decreased in Q1 2024 after stabilizing in Q4 2023, as providers focused on protecting margin and reducing hiring. Attrition rates have dropped, with buybacks of offers, while increased employee utilization indicates that the existing staff is being utilized more effectively, contributing to operational efficiency despite the overall headcount reduction.

In the GBS offshore regions, the share of new centers focused on Engineering, Research & Development (ER&D) functions decreased overall. However, there was an increase in the number of new centers that specialized in mechanical engineering services within the ER&D function, particularly for developing automotive-related solutions.

The North American region experienced significant growth in center setups, driven by the decrease in inflation rates, which is gradually approaching the targeted level, and providers showing the willingness to invest in the region. However, the overall centers in onshore location was stable in Q2 2024 compared to the previous quarter.

Market Vista reports highlight key trends and developments across outsourcing transactions, the overall health of transactions and global business services markets, location risks and opportunities, and provider developments

Service provider developments | Market Vista™ index service providers

Engineering service providers

Global providers

accenture, ADP, arvato BERTELSMANN, Atos, Capgemini, CGI, CONCENTRIX CONVERGYS, CONDUENT, EPAM, IBM, kyndryl, NTT DATA, Teleperformance, ttec, UNISYS

Engineering service providers: AKKODIS, ALTEN, bertrandt, Globant

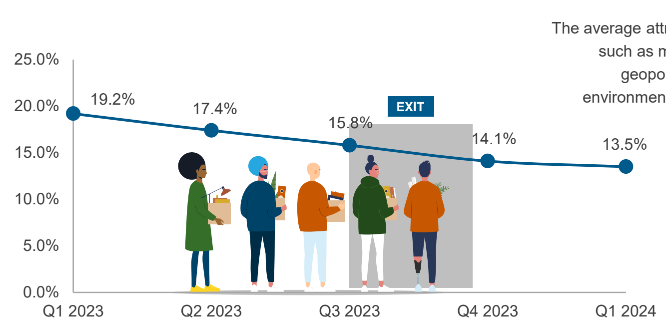
Offshore-heritage providers

cognizant, EXL, genpact, HCLTech, Infosys, LTIMindtree, Mphasis, TCS (Tata Consultancy Services), Tech Mahindra, wipro, WNS

Engineering service providers: CYIENT, L&T Technology Services, Persistent

Service provider developments | Market Vista™ index service providers attrition rate

Attrition rate of MV index providers
Percentage

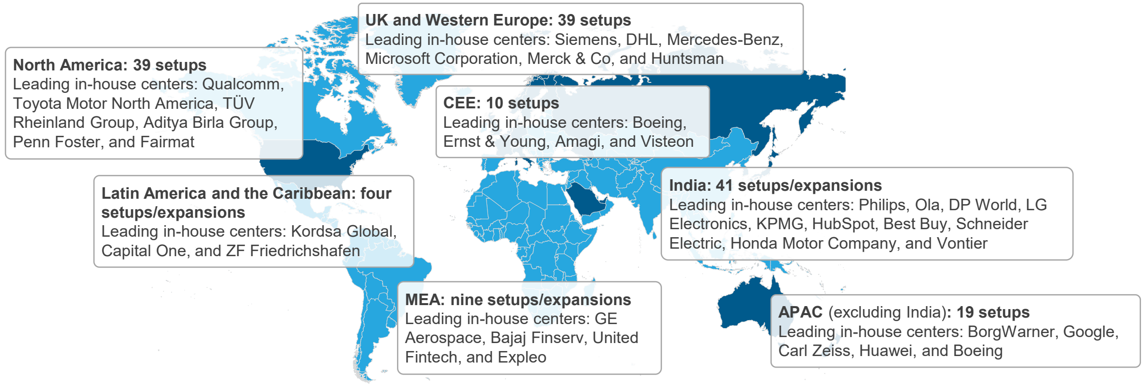


The average attrition rate continues to decline in Q1 2024. Macroeconomic factors such as moderated global growth, recovery from past economic challenges, geopolitical tensions, and inflation concerns have led to a cautious hiring environment with smaller salary increments, reducing employee turnover. The improved availability of skilled talent allows companies to make strategic recruitment adjustments, leading to fewer job openings and lower voluntary attrition. Additionally, companies are employing rightsizing efforts to streamline operations and manage costs, further contributing to the decline in the overall attrition rates. This strategic focus on optimizing the workforce has resulted in a more stable employment landscape.

In-house delivery setups and expansions | by region

Key enterprises

Onshore | Offshore and nearshore | [NOT EXHAUSTIVE]



UK and Western Europe: 39 setups
Leading in-house centers: Siemens, DHL, Mercedes-Benz, Microsoft Corporation, Merck & Co, and Huntsman

North America: 39 setups
Leading in-house centers: Qualcomm, Toyota Motor North America, TÜV Rheinland Group, Aditya Birla Group, Penn Foster, and Fairmat

CEE: 10 setups
Leading in-house centers: Boeing, Ernst & Young, Amagi, and Visteon

India: 41 setups/expansions
Leading in-house centers: Philips, Ola, DP World, LG Electronics, KPMG, HubSpot, Best Buy, Schneider Electric, Honda Motor Company, and Vontier

Latin America and the Caribbean: four setups/expansions
Leading in-house centers: Kordsa Global, Capital One, and ZF Friedrichshafen

MEA: nine setups/expansions
Leading in-house centers: GE Aerospace, Bajaj Finserv, United Fintech, and Expleo

APAC (excluding India)**: 19 setups**
Leading in-house centers: BorgWarner, Google, Carl Zeiss, Huawei, and Boeing

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 locations						
US	Atlanta and Chandler	▲ 39	▼	▲	▲	High
UK	London and Manchester	▲ 12	▲	▲	▲	High
Germany	Frankfurt and Munich	▲ 6	▲	▲	▲	High
UAE	Dubai	● 5	▲	▼	▲	High
France	Paris	▲ 5	●	▲	▲	Moderate–High
Top offshore/nearshore locations						
India	Bangalore and Hyderabad	▼ 46	▼	▼	▼	Moderate
Canada	Toronto	▲ 5	●	▲	▲	Moderate–High
Poland	Warsaw and Lodz	▲ 4	▲	▲	▲	Moderate–High
Bulgaria	Sofia	▲ 4	●	▲	▲	Moderate
China	Shanghai	● 4	▼	●	●	Moderate
Ireland	Dublin	▲ 4	▲	▼	▲	High
UK	Belfast and Glasgow	● 3	▲	▼	●	High
Spain	Malaga	▲ 2	▲	▲	▲	High
Romania	Timisoara	▼ 2	●	▼	▼	Moderate
Philippines	Manila	▲ 2	▲	●	▲	Moderate

▼ Decreased from the last quarter
● Same as the last quarter
▲ Increased from the last quarter
Moderate
High

- The share of top onshore locations center setup activity increased in Q2 2024 to 67 centers compared to 52 centers in Q1 2024. The share of top offshore/nearshore locations center setup activity increased slightly in Q2 2024 to 76 centers compared to 74 centers in the previous quarter. Germany, the UAE, and France were the new entrants among the top onshore locations, while Poland, Bulgaria, Ireland, Spain, and the Philippines were the new entrants among the top offshore/nearshore locations
- 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 Current release Planned

Reports title	Release date
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	December 2023
Market Vista™: Q4 2023	December 2023
Market Vista™: Q1 2024	February 2024
GBS Executive Insights: Key Issues for 2024	February 2024
Market Vista™: 2023 Year in Review and Outlook for 2024	March 2024
Market Vista™: Q2 2024	June 2024
Market Vista™: Q3 2024	September 2024
Market Vista™: Industry Insights – Banking	Q4 2024
Market Vista™: Q4 2024	Q4 2024

Note: Click to see a list of all of our published Market Vista™ reports

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

Website
everestgrp.com

Blog
everestgrp.com/blog

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