



# Forces & Foresight Q1 2024

March 2024: Complimentary Abstract / Table of Contents

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- ▶ Rewards and Recognition
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# Introduction

The dynamic nature of IT-BP services industry presents both opportunities and challenges for service providers, demanding an in-depth understanding of emerging trends, evolving forces, and shifting competitive landscapes. Forces and Foresight™, a comprehensive report, is designed to empower IT-BP service providers with the critical intelligence needed to navigate this dynamic environment.

This report addressed five key questions that strategic stakeholders struggle to find answers to:

- Where do I stand compared to my close competition in terms of growth and margin?
- Where is industry growth headed in the foreseeable future? Why?
- Which segments provide opportunities to grow faster than the industry? Why?

- How am I doing in these segments compared to my competition?
- Am I dealing with the same forces that are impacting my competitors' margins?

Forces & Foresight provides in-depth financial forecasts for the services industry, examining ongoing evolution, growth drivers and obstacles, and margin insights. Unlike high-level industry overviews, we offer original quantitative predictions across segments to support strategic planning. Our research takes a balanced, objective view of industry trends, incorporating both positives and negatives. We go beyond enthusiastic evangelism to provide critical analysis and thorough insights. Our goal is to arm leaders with intelligence, not persuasion.

## Scope of this report

**Geography:** Global – North America, Europe, Asia Pacific, Rest of the world

**Industry:** Operating industry verticals of IT-BP service providers – BFSI, Healthcare & life sciences, Technology, media, and telecom, Manufacturing, distribution, and retail, Public sector, and Energy, resources, and utilities

**Services:** IT-BP services

# Overview and abbreviated summary of key messages

This report examines forces shaping the services industry, its 10 key segments – verticals and geographies, and profitability. Based on the relative strength of opposing forces, we provide imperative foresight in form of forecasts (quantitative) and narratives (qualitative).

## Some of the findings in this report, among others, are:

### Read of the market

- The tech services industry is still dealing with intense challenges impacting demand
- The last calendar quarter of 2023 did not yield much benefit from typical client “budget flush” – not surprising given new global challenges, such as the conflict in the Middle East, on top of an already struggling global macroeconomy
- The services industry continues to trend downward, with limited optimism for the March 2024 quarter

### The dichotomy in the dynamics – bookings vs. revenue

- Over last three months, while the macro challenges remain concerning, we started to see some promising signs that the services industry decline may be bottoming out
- We now believe that these palpable forces are marking a beginning of steadily rising demand optimism in coming quarters

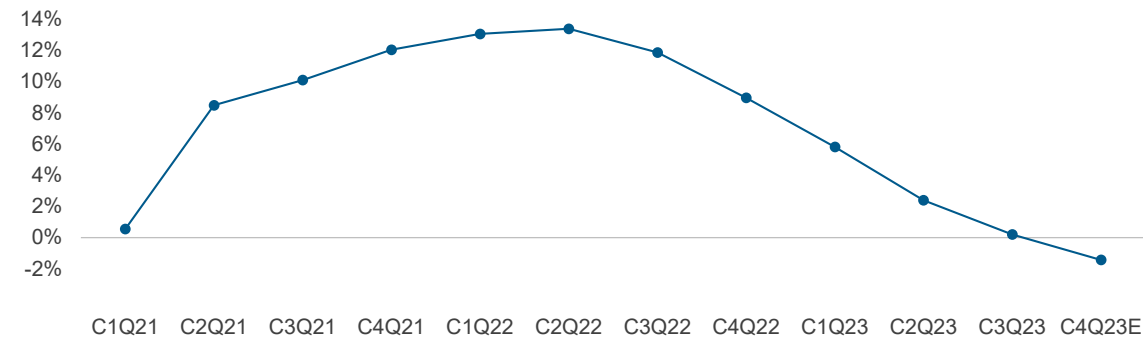
### Where does that leave the industry?

- Based on our findings in this past quarter, we are convinced about growth recovery happening by mid-year CY 2024
- We are not suggesting a major macroeconomic or geopolitical turnaround any time soon (we are not economists), but we do believe that the need for technology goes well beyond the cyclical factors impacting sentiments
- Organizations are becoming more strategic in the way they leverage technology, and we maintain our firm belief in the need for increased investments in this industry, particularly in the face of rising disruptions both in demand (e.g., operating model changes) and supply (e.g., generative AI)

# This study offers four distinct chapters providing a deep dive into key aspects of IT-BP services industry; below are four charts to illustrate the depth of the report

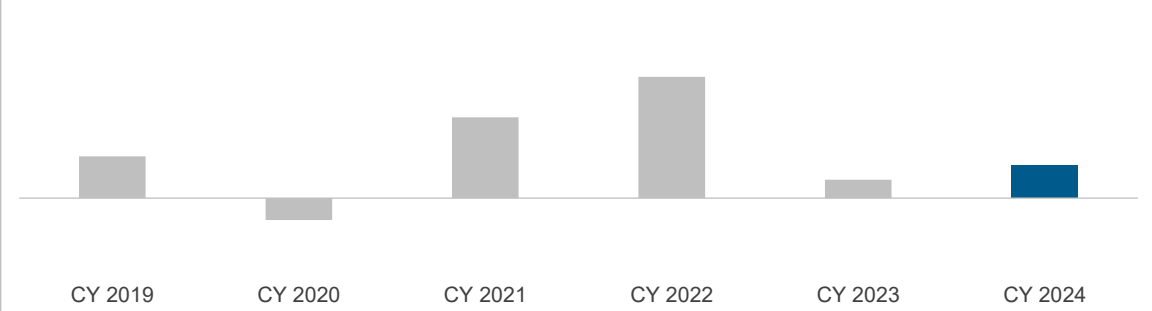
Services industry trends downward with limited optimism for March 2024 quarter

IT-BP services industry growth

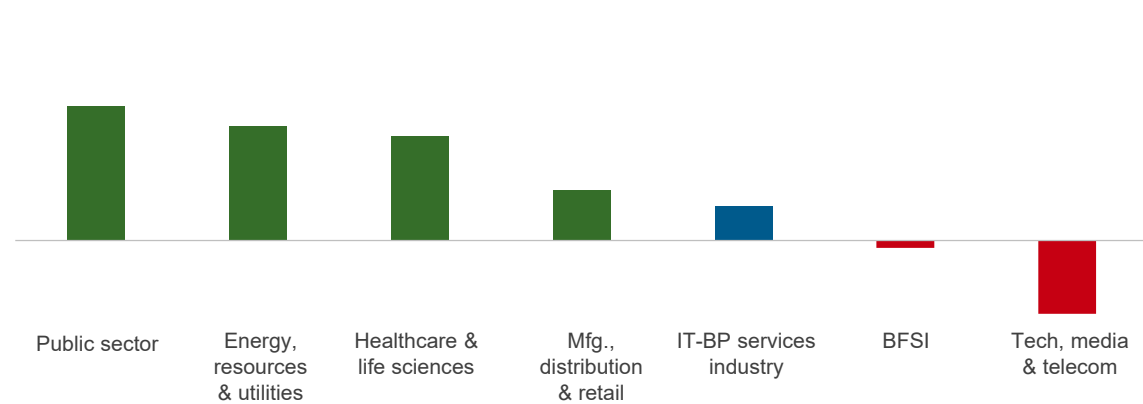


Our base case forecast implies a modest turnaround in industry growth in 2024

IT-BP services industry growth history and forecasts

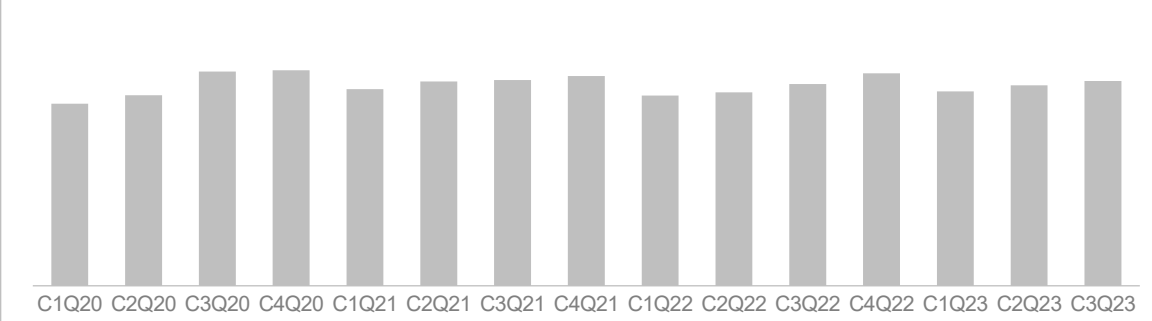


Vertical growth in 2023 and forecasts for 2024



Services industry margin has improved in a normalized talent market

Services industry – operating margin



# Research calendar

## Forces & Foresight

Published **Current release** Planned

Reports title	Release date
<a href="#">Forces &amp; Foresight Q1 2024</a>	March 2024
Forces & Foresight Q2 2024	Q2 2024
Forces & Foresight Q3 2024	Q3 2024
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