



**Global Sourcing (GS)**

**Market Vista Q4 2009 – Preview Deck**

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- **Product overview**
- Illustrative contents

# The increasing complexity of the outsourcing market has amplified the risk exposure for companies



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## Factors driving increased risk

### Vendor and model proliferation

Multiple service providers and business models

### Large span of functions

Typically combination of many IT, BPO and some KPO services

### Increasing scope

Significant proportion of operations now in low cost locations

### Global delivery chain

Services often delivered from multiple locations with diverse risk footprint

### Dynamic economies

Most delivery locations are emerging economies going through rapid change

## Examples of risks

### Regulatory risk

Ensuring compliance with regulatory guidelines in source and destination countries across suppliers

### Business case risk

Managing wage inflation without affecting quality of service

### Performance risk

Managing quality of service delivery, attrition, knowledge retention

### Data security and

intellectual property risk  
Implementing measures to safeguard data and intellectual property

### Concentration risk

### Business continuity risk

### Currency risk

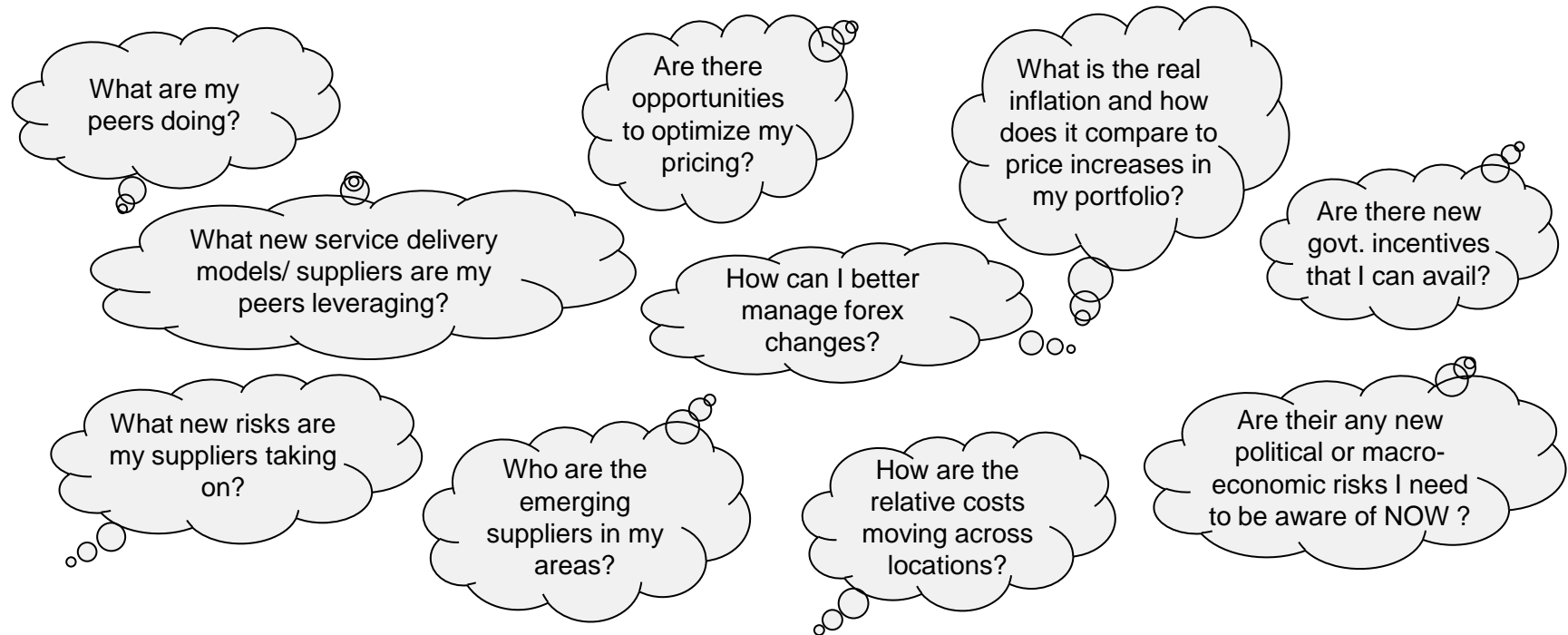
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**Most large companies have capabilities in global risk management. However, the level and type of risk exposure that is emerging from the globalization of services is unprecedented**

# Sourcing leaders are being asked to manage risks associated with global sourcing and support the delivery of transformational results



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## Key decisions that Sourcing managers need to support

- Comparison with peers
- Location risk management
- Supplier selection and optimization
- Design of new deals
- Price benchmarking and contract renewals

# Market Vista provides continuously updated facts and analysis every quarter to enable effective management of global services portfolios



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**Each quarterly Market Vista report captures developments across three key areas**

1

## Market overview

- Outsourcing transactions trends
  - Transaction analysis – By industry, geography, etc.
  - Listing of major BPO/IT outsourcing deals
  - Large offshore deals
- Captives analysis
  - New captive set-ups, divestures
- Focus on Financial Services players
  - Transaction analysis
  - Developments across global majors

2

## Location trends and risks

- Key location developments
  - Establishment of new offshore delivery centers
- Risk dashboard capturing key current and emerging risks
  - Geo-political / economic changes
  - Government initiatives
- Q4 focus – Fact-base on emerging cities
  - Pros. and cons.
  - Operating costs across 10 cities, inflation rates and currency trends

3

## Supplier developments

- Key developments among 20 leading global suppliers
  - Financial performance
  - Transaction activity
  - Changes in delivery footprint
  - M&A and alliance activity
- Q4 highlight
  - 2009: Year in Review
- Detailed profiles for each player capturing key developments across dimensions

- Product overview

- **Illustrative contents**

# Each section of the quarterly report comprises 30+ pages of insight and data

## Illustrative Table of Contents (page 1 of 2)



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Topic	Page no.
<b>Section I A: Trend analysis – Outsourcing, offshoring, and captives</b>	<b>I-3</b>
■ Outsourcing transactions analysis	I-4
■ Offshore transaction analysis	I-8
■ Change in outsourcing transactions (Q-o-Q)	I-9
■ Captive developments	I-10
<b>Section I B: Focus topics</b>	<b>I-14</b>
■ Financial services outsourcing and offshoring	I-15
<b>Section I C: Data snapshots</b>	<b>I-20</b>
■ Examples of large BPO and IT deals signed this quarter	I-21
■ List of new captive announcements made this quarter	I-23
■ List of captives with announcements for expansion	I-28
■ Key developments for global BFSI majors	I-30
<b>Section II A: Trend analysis – Risk and opportunity dashboard and analysis</b>	<b>II-3</b>
■ Risk and opportunity dashboard	II-4
■ Risk and opportunity analysis	II-5
<b>Section II B: Focus topic – Emerging geographies</b>	<b>II-9</b>
■ Emerging geographies: Overview	II-10
■ Pros and cons	II-11
■ Operating costs	II-14
■ Operating cost inflation	II-15
■ Currency trends	II-17

# Each section of the quarterly report comprises 30+ pages of insight and data

## Illustrative Table of Contents (page 2 of 2)



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Topic	Page no.
<b>Section II C: Data snapshots</b>	<b>II-18</b>
■ Market activity: Delivery centers established in Q4 2009	II-19
■ Market activity: Delivery centers planned in Q4 2009	II-24
■ Market activity: Expansion announcements in Q4 2009	II-28
■ Regional developments: Geopolitical, macro-economic	II-31
■ Regional developments: Leading economic indicators	II-33
■ Regional developments: Investment environment	II-34
<b>Section III A: Trend analysis – Key developments across suppliers</b>	<b>III-1</b>
■ Supplier developments overview	III-3
■ Analysis of supplier developments	III-7
<b>Section III B: Focus topic – 2009: Year in review</b>	<b>III-16</b>
■ Summary	III-17
■ Transactions activity	III-19
■ Locations activity	III-21
■ M&A and alliance activity	III-22
<b>Section III C: Data Snapshots – Details of key developments and profiles by supplier</b>	<b>III-25</b>
■ Recent M&A activity by suppliers	III-27
■ Recent alliances and partnerships forged by suppliers	III-30
■ Locations	III-34
■ Key market developments	III-38

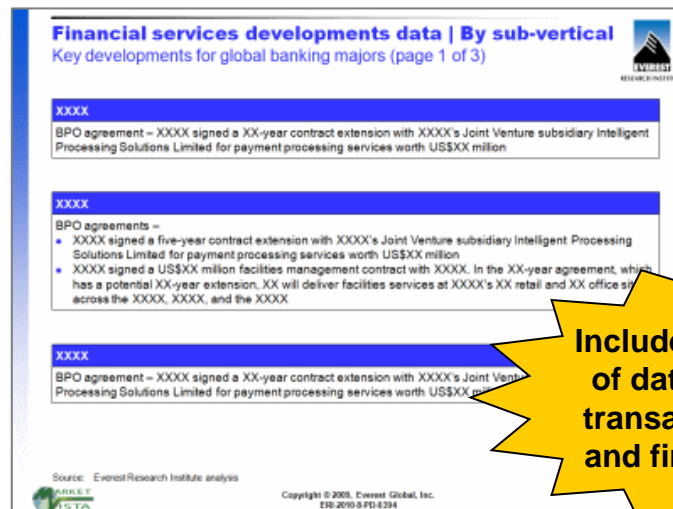
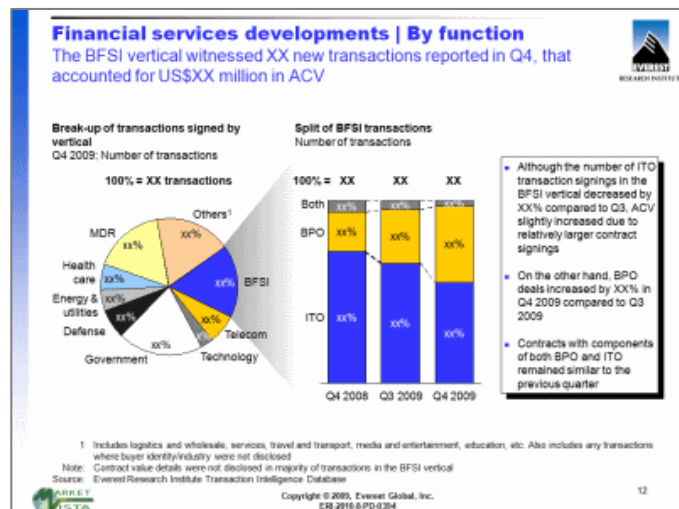
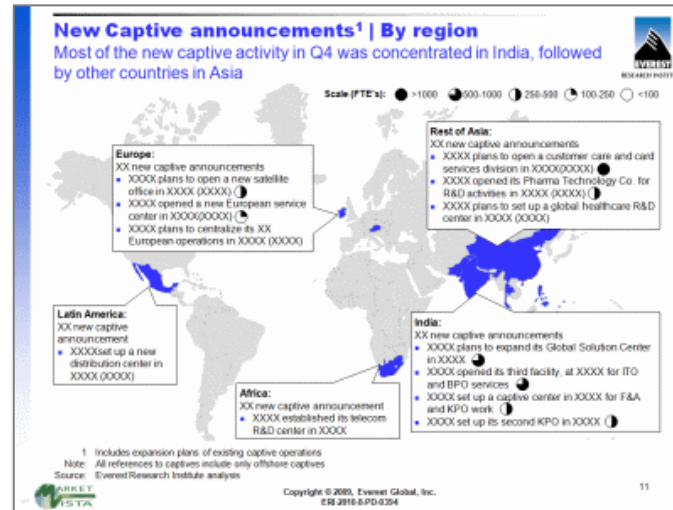
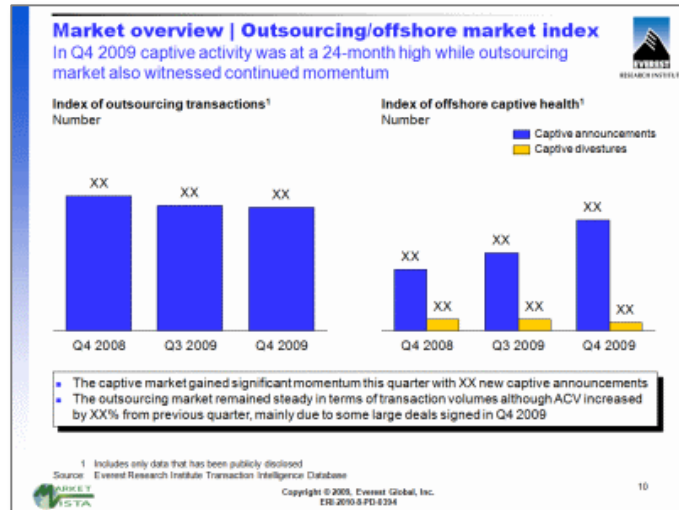


# Section I – Market section | Overview

Captures outsourcing transactions trends, captive developments with an emphasis on Financial Services players



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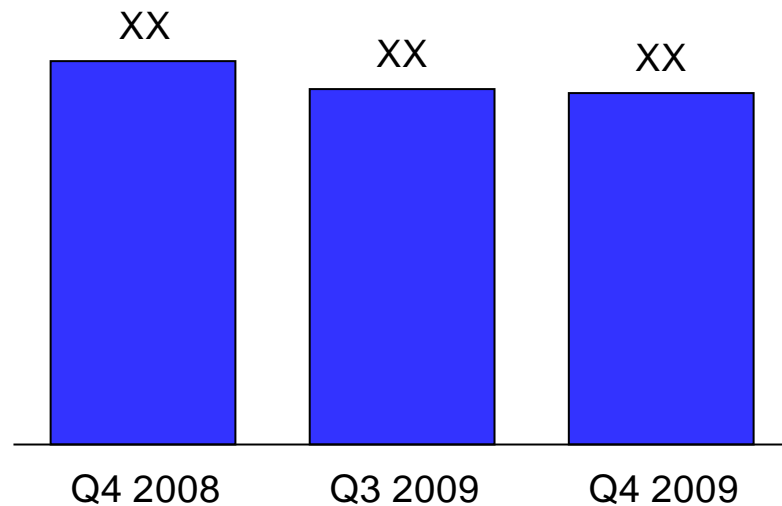


Includes over 15 pages of data tables across transactions, captives and financial services

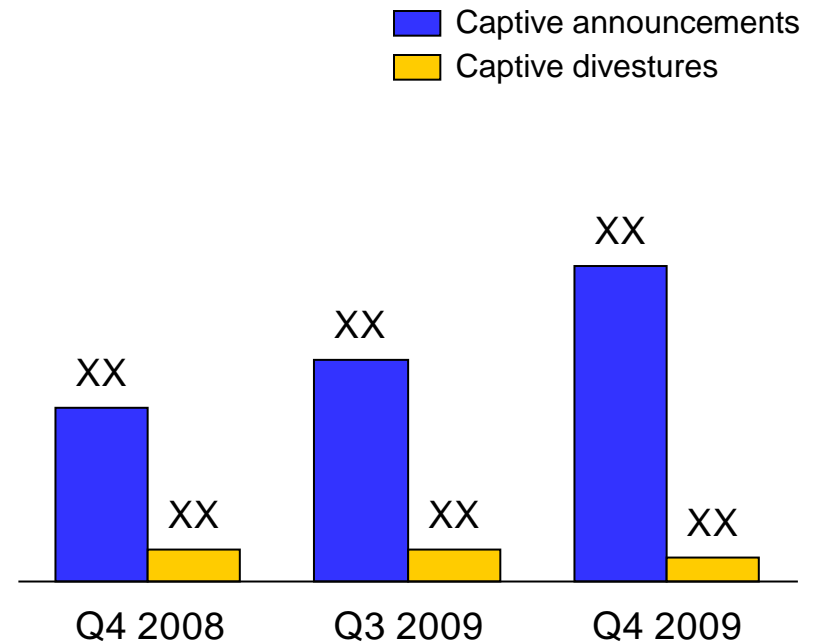
# Section I – Market section | Illustrative output

Transaction analysis for each quarter helps assess market momentum and trends over time

**Index of outsourcing transactions<sup>1</sup>**  
Number



**Index of offshore captive health<sup>1</sup>**  
Number



- The captive market XXXX XXXX with XX new captive announcements
- The outsourcing market XXXX XXXX in terms of XXXX although XX increased by XX% from XXXX , mainly due to XXXX

<sup>1</sup> Includes only data that has been publicly disclosed

Source: Everest Research Institute Transaction Intelligence Database

# Section I – Market section | Illustrative output

## Analysis is further detailed at a functional level

● Decreased from last quarter    
 ● Similar to last quarter    
 ● Increased from last quarter

**Q-o-Q change in number of BPO transactions, by process<sup>1</sup>**

Process category	Q4 2008 to Q4 2009	Q3 2009 to Q4 2009
XXXX	●	●
XXXX	●	●
XXXX	●	●
XXXX	●	●
XXXX	●	●
XXXX	●	●
XXXX	●	●

**Q-o-Q change in number of ITO transactions, by process<sup>1</sup>**

Process category	Q4 2008 to Q4 2009	Q3 2009 to Q4 2009
XXXX	●	●
XXXX	●	●
XXXX	●	●
XXXX	●	●

<sup>1</sup> Includes transactions in which functional scope may have multiple processes

Source: Everest Research Institute Transaction Intelligence Database

## Section I – Market section | Illustrative output

Coverage also includes captives, with a focus on setup, divestiture and other trends among captives

### XXXX – Divests XXXX captive in XXXX to XXXX

- XXXX acquired XXXX's XXXX captive in XXXX for US\$XX million. The captive performs global back-office activities, including XX, XX, XX, such as XX and XX
- As part of the transaction, XXXX will provide outsourcing services to XXXX for XX years under a US\$XX million contract
- Approximately XX employees at the captive center will transition to XX

### XXXX – Divests its captive unit, XXXX, to XXXX

- XXXX sold its research and decision support unit, XXXX, to XXXX. XXXX also signed a XX-year contract for research services from XXXX
- XXXX provides market intelligence and strategic services in XX, XX, and XX and employs XX people globally

### XXXX – Plans to merge XXXX with its BPO firm XXXX

- XXXX plans to merge XXXX (which provides XX, XX, and XX across the XXXX) with XXXX, the BPO arm of the group
- The planned merger will help the group expand its third-party service offerings

Source: Everest Research Institute analysis

## Section I – Market section | Illustrative output

### Developments among leading financial services players are profiled

#### XXXX

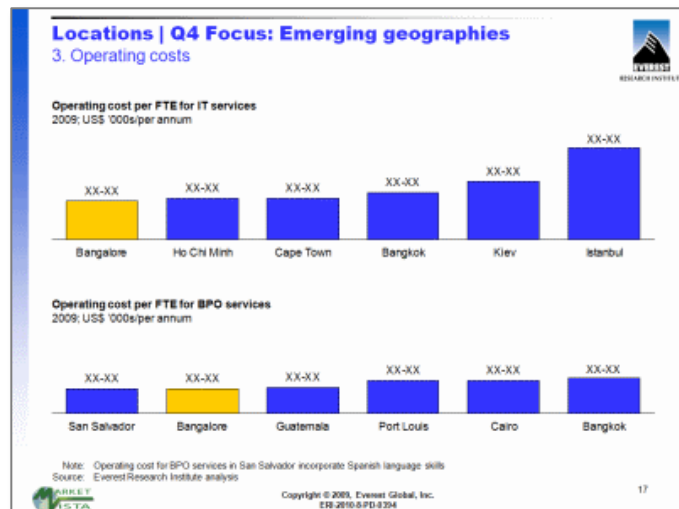
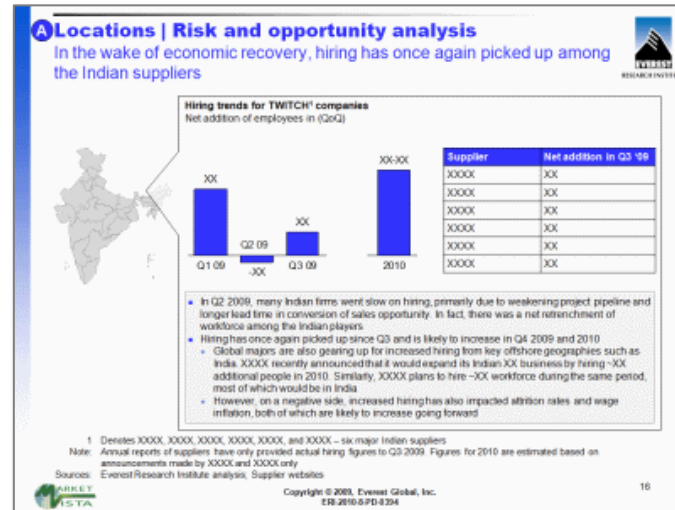
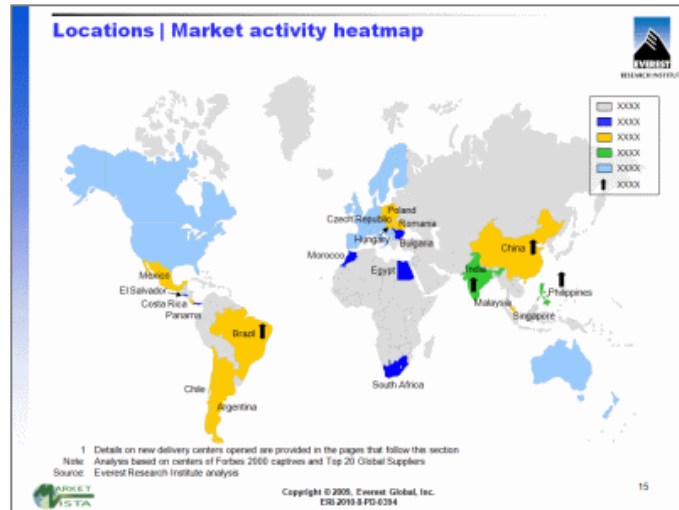
ITO agreement – XXXX signed a XX-year XXXX transformation contract with XXXX worth US\$XX million. XXXX will take on the management of the entire XXXX telephony estate that spans XX sites around the XXXX, with XX agents and XX users

#### XXXX

ITO agreement – XXXX selected XXXX to XX, XX and XX an advanced IP-based international network. Under a new XX-year agreement, XXXX will consolidate and standardize XXXX's discrete networks, creating a single IP-based infrastructure connecting its regional networks in XX countries and territories

# Section II – Locations section | Overview

## Key developments and emerging risks and opportunities across locations



### Locations | Market activity data

Announcements of delivery centers established in Q4 2009 (page 1 of 5)

Country	City	Month	Supplier/captive	Number of FTEs	Other comments
XXXX	XXXX	XXXX	XXXX	XXXX	Opened a sales research and demonstration facility to test and qualify new materials and tools
XXXX	XXXX	XXXX	XXXX	XXXX	Opened a data center in XXXX – its fourth in India
XXXX	XXXX	XXXX	XXXX	XXXX	Set up a new Spark Innovation center that will create solutions focused on Intelligent Transport Systems (ITS)
XXXX	XXXX	XXXX	XXXX	XXXX	Set up a new engineering center to extend the company's skills and employment expertise and serve its growing customer base in Asia
XXXX	XXXX	XXXX	XXXX	XXXX	Set up its second RPO center in India for data gathering, risk, and analytics support
XXXX	XXXX	XXXX	XXXX	XXXX	Opened its fourth of the five call center sites scheduled for launch this year
XXXX	XXXX	XXXX	XXXX	XXXX	Set up its headquarters in Singapore to leverage business applications such as SAP and cloud computing. The company also plans to extend its solutions and business analytics
XXXX	XXXX	XXXX	XXXX	XXXX	Opened a new regional R&D center manufacturing facilities
XXXX	XXXX	XXXX	XXXX	XXXX	Opened a pharmaceutical
XXXX	XXXX	XXXX	XXXX	XXXX	Opened a global delivery center for enterprise applications. It would also provide Chinese and Japanese
XXXX	XXXX	XXXX	XXXX	XXXX	Opened a Telecommunications solution development

Source: Everest Research Institute analysis

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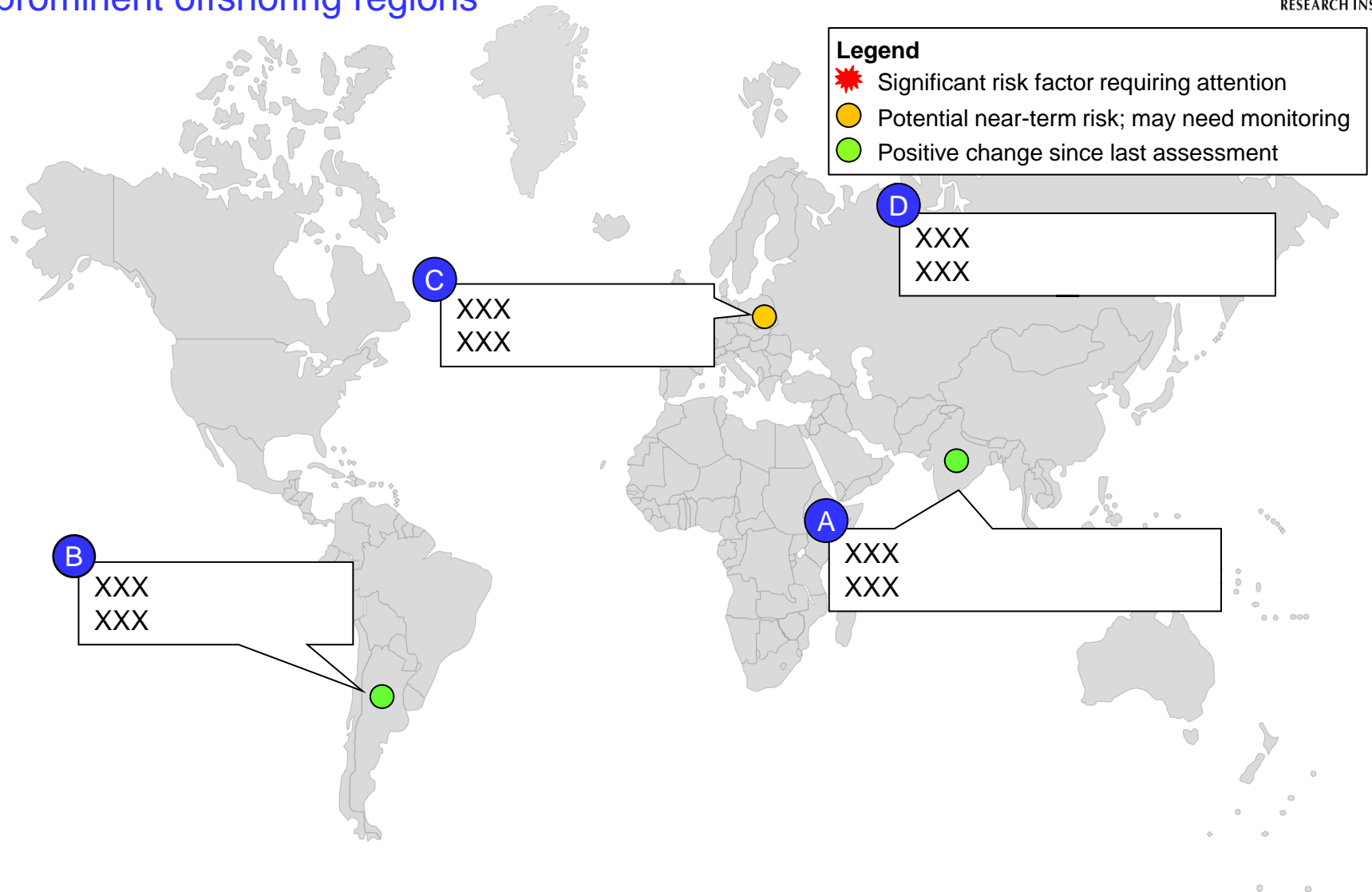
Includes over 20 pages of data tables on market activity, costs, wage inflation, etc.

## Section II – Locations section | Illustrative output

The dashboard identifies key emerging risks and opportunities across prominent offshoring regions



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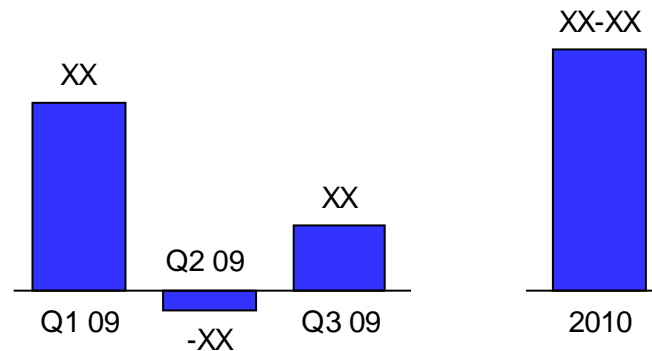
Source: Everest Research Institute analysis

## Section II – Locations section | Illustrative output

Key risks and opportunities are further detailed. For example in the wake of economic recovery, hiring has once again picked up among the Indian suppliers



**Hiring trends for TWITCH<sup>1</sup> companies**  
Net addition of employees in (QoQ)



Supplier	Net addition in Q3 '09
XXXX	XX
XXXX	XX
XXXX	XX
XXXX	XX
XXXX	XX
XXXX	XX

- In Q2 2009, many Indian firms went slow on hiring, primarily due to weakening project pipeline and longer lead time in conversion of sales opportunity. In fact, there was a net retrenchment of workforce among the Indian players
- Hiring has once again picked up since Q3 and is likely to increase in Q4 2009 and 2010
  - Global majors are also gearing up for increased hiring from key offshore geographies such as India. XXXX recently announced that it would expand its Indian XX business by hiring ~XX additional people in 2010. Similarly, XXXX plans to hire ~XX workforce during the same period, most of which would be in India
  - XXXX

<sup>1</sup> Denotes Tech Mahindra, Wipro, Infosys, TCS, Cognizant, and HCL – six major Indian suppliers

Note: Annual reports of suppliers have only provided actual hiring figures to Q3 2009. Figures for 2010 are estimated based on announcements made by XXXX and XXXX only

Sources: Everest Research Institute analysis; Supplier websites

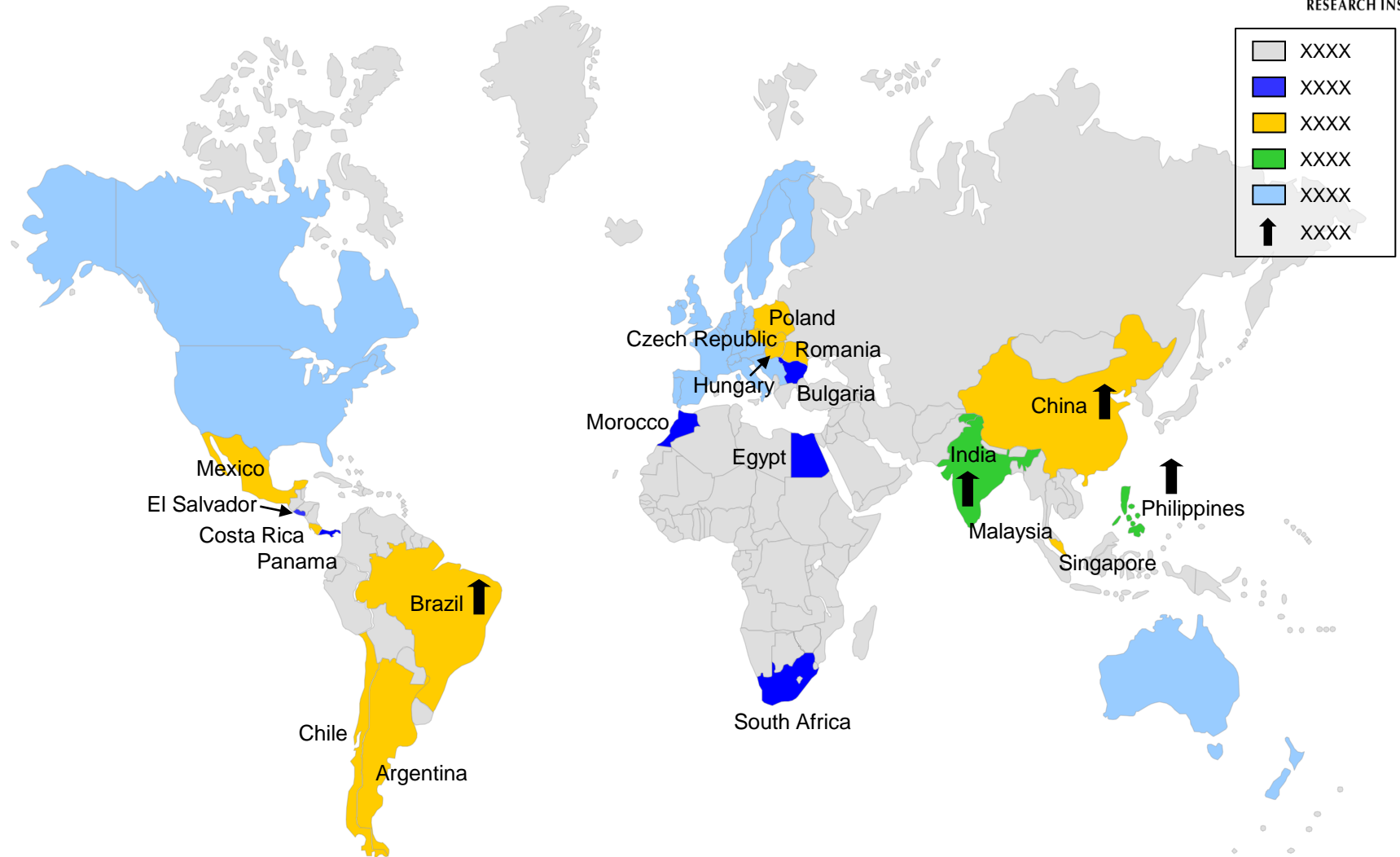


## Section II – Locations section | Illustrative output

The market activity heatmap identifies spikes of activity across regions



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1 Details on new delivery centers opened are provided in the pages that follow this section

Note: Analysis based on centers of Forbes 2000 captives and Top 20 Global Suppliers

Source: Everest Research Institute analysis

# Section II – Locations section | Illustrative output

The section also contains quarterly data on themes such as socio-political, macroeconomic, and promotion initiatives across regions

## Locations | Market activity data

Announcements of delivery centers established in Q4 2009 (page 1 of 5)



### Asia

Country	City	Month	Supplier/captive	Number of FTEs	Other comments
XXXX	XXXX	XXXX	XXXX	XXXX	Opened a sales research and demonstration facility to test and qualify new materials and tools
XXXX	XXXX	XXXX	XXXX	XXXX	Opened a data center in XXXX – its fourth in India
XXXX	XXXX	XXXX	XXXX	XXXX	Set up a new Spark Innovation center that will create solutions focused on Intelligent Transport Systems (ITS)
XXXX	XXXX	XXXX	XXXX	XXXX	Set up a new engineering center to extend the company's audio and infotainment expertise and serve its growing customer base in Asia
XXXX	XXXX	XXXX	XXXX	XXXX	Set up its second KPO center in India for data gathering, risk, and analytics support
XXXX	XXXX	XXXX	XXXX	XXXX	Opened its fourth of the five call center sites scheduled for launch this year
XXXX	XXXX	XXXX	XXXX	XXXX	Set up its headquarters in Singapore to leverage business applications such as SAP and cloud computing. The company also plans to extend its expertise in e-government solutions and business analytics
XXXX	XXXX	XXXX	XXXX	XXXX	Opened a new regional R&D center for all six of Hempt's manufacturing facilities in the Middle East
XXXX	XXXX	XXXX	XXXX	XXXX	Opened a pharmaceutical research facility in XXXX, XXXX
XXXX	XXXX	XXXX	XXXX	XXXX	Opened a global delivery center to provide testing and enterprise applications for manufacturing and B2B verticals. It would also provide multi-lingual services in English, Chinese, and Japanese
XXXX	XXXX	XXXX	XXXX	XXXX	Opened a Telecommunications Solution Center to accelerate solution development and streamline product delivery

Source: Everest Research Institute analysis



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18

## Locations | Regional developments

Geopolitical and macro-economic environment (page 1 of 2)



### Region

Region	Key developments
XXXX	<ul style="list-style-type: none"> <li>XXXX <ul style="list-style-type: none"> <li>The XXXX GDP grew at a good rate of 30% per annum in Q4 2009. Moreover, exports also increased during this quarter, signaling the revival of the economy</li> <li>The XXXX is likely to continue with a relatively relaxed monetary policy to accelerate economic growth. Consequently, interest rates are likely to remain low to encourage spending in the economy</li> </ul> </li> <li>XXXX <ul style="list-style-type: none"> <li>The GDP increased by 30% per annum in Q3 2009. However, inflation is likely to increase due to continued rise in food prices and other agricultural produce due to the worst monsoon faced by the country in 37 years</li> <li>In XXXX, commercial activity was severely impacted due to widespread agitations and protests related to the developments regarding formation of a new state of XXXX from the existing southern state of XXXX</li> </ul> </li> <li>XXXX <ul style="list-style-type: none"> <li>The political situation in XXXX is likely to remain fairly stable with the XXXX coalition expected to remain in power till 2011</li> <li>The government announced XX stimulus packages for reviving economic growth, and they seem to have improved investor confidence and help increase demand</li> <li>The government also announced reduction in personal income tax rate by one percentage point in 2010 along with increasing the limit of individual relief and tax deduction</li> </ul> </li> <li>XXXX <ul style="list-style-type: none"> <li>The country was hit by two typhoons in late September and early October that caused widespread destruction. The events reinforced the importance of robust business continuity planning for offshore delivery from locations such as the XXXX</li> <li>There was a recent attack in an election rally in the southern part of the XXXX that killed 46 people</li> </ul> </li> <li>XXXX <ul style="list-style-type: none"> <li>The political scene remains turbulent as the Prime Minister lacks a popular mandate and may struggle to retain the support of his partners in the coalition government</li> <li>The government plans to spend US\$XX billion as stimulus package for the economy</li> </ul> </li> </ul>

Sources: Everest Research Institute analysis; Economist



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19

## Locations | Regional developments

Leading economic indicators



Country	GDP growth rate				CPI inflation rates	
	Q4 2009 <sup>1</sup>	Q1 2009 <sup>1</sup>	Q2 2009 <sup>1</sup>	Q3 2009 <sup>1</sup>	2008 (YoY)	Latest available for Q4 2009 <sup>2</sup>
Argentina	XX%	XX%	XX%	XX%	XX%	XX%
Brazil	XX%	XX%	XX%	XX%	XX%	XX%
Bulgaria <sup>3</sup>	XX%	XX%	XX%	XX%	XX%	XX%
Chile	XX%	XX%	XX%	XX%	XX%	XX%
China	XX%	XX%	XX%	XX%	XX%	XX%
Costa Rica <sup>3</sup>	XX%	XX%	XX%	XX%	XX%	XX%
Czech Rep	XX%	XX%	XX%	XX%	XX%	XX%
Hungary	XX%	XX%	XX%	XX%	XX%	XX%
India	XX%	XX%	XX%	XX%	XX%	XX%
Malaysia	XX%	XX%	XX%	XX%	XX%	XX%
Mexico	XX%	XX%	XX%	XX%	XX%	XX%
Philippines	XX%	XX%	XX%	XX%	XX%	XX%
Poland	XX%	XX%	XX%	XX%	XX%	XX%
Romania <sup>3</sup>	XX%	XX%	XX%	XX%	XX%	XX%
Slovakia	XX%	XX%	XX%	XX%	XX%	XX%

1 Real GDP growth, percentage change one year ago  
2 Consumer prices, percentage change one year ago  
3 Annual % GDP growth rate estimates for Bulgaria, Romania, and Costa Rica

Sources: Economist, IMF, DECO



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20

## Locations | Regional developments

Investment environment (page 1 of 3)



### Region

Region	Key developments
XXXX	<ul style="list-style-type: none"> <li>Several entities undertook investment incentives and training measures to promote the growth of IT/ITES industries <ul style="list-style-type: none"> <li>The XXXX government in XXXX plans to aggressively promote IT and ITES services in Tier-2 cities such as XXXX, XXXX, XXXX, XXXX, and XXXX. The state government has decided to start land parcels in order to give an impetus to SMEs. The state government has so far already invested –US\$XX million to create technology parks in XXXX and XXXX that are likely to commence operations soon</li> <li>The XXXX Association of XXXX has partnered with the XXXX, a global body for professional accountants, to leverage the latter's network for promoting XXXX as a destination for Finance and Accounting BPOs</li> <li>XXXX has tied up with the XXXX and the XXXX to enrich its insurance vertical that currently has –XX certified professionals. The company has also selected courses relevant for its engagements and plans to roll out internal and external certifications for non-XX employees in the next two to three years</li> <li>XXXX has signed an MOU with XXXX, the XXXX, to endorse a number of BCS short development courses such as Software Testing, ITIL, Service Management, and Green IT. XXXX also intends to promote BCS Professional Exams, BCS services, publications, and products to avail BCS's qualifications to more students in the region</li> </ul> </li> <li>Some infrastructure-related announcements that took place in this quarter include: <ul style="list-style-type: none"> <li>XXXX, near XXXX, is fast becoming a hub for IT and BPO companies. Around six IT parks are planned in this region, which are likely to be completed in two phases. About XX million square feet of space has been leased out in the first phase with interests received from several IT firms</li> <li>The state government of XXXX plans to invest –US\$XX billion as initial investment for developing the third large IT hub in XXXX, near the city's new airport at XXXX. The project is likely to be initiated from mid-2010</li> </ul> </li> </ul>

Sources: Everest Research Institute analysis; Economist

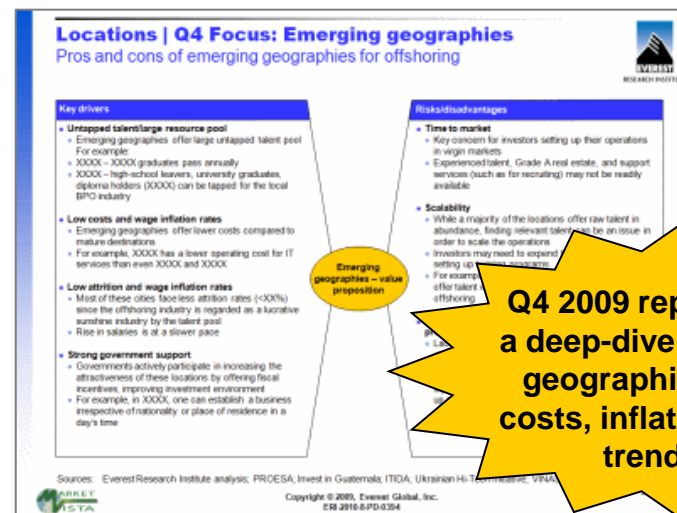
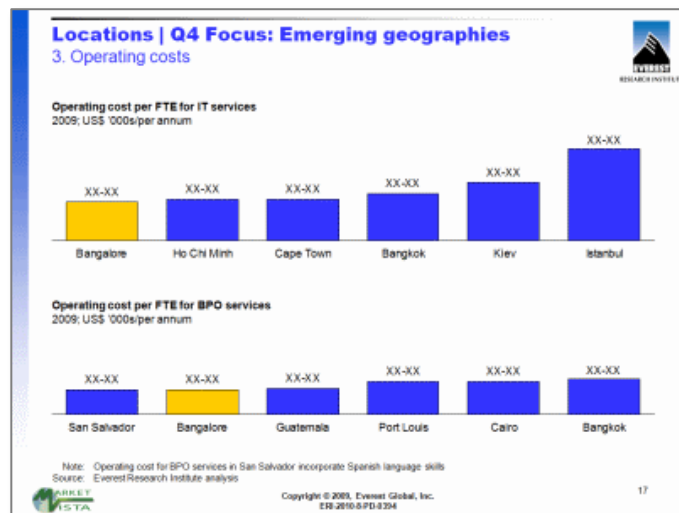
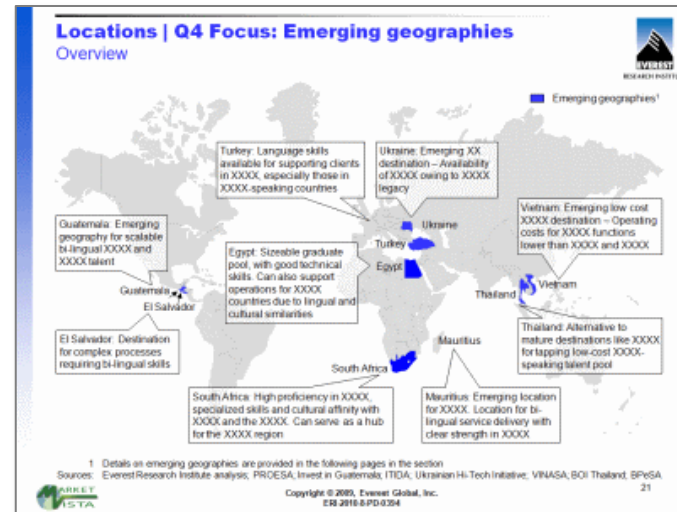
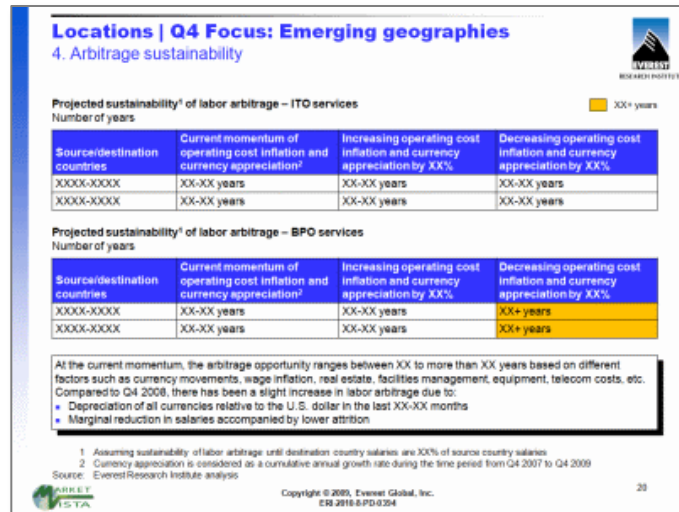


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21

# Section II – Locations section | Illustrative output

## Each quarterly report will cover a deep-dive on a specific geography / theme



**Q4 2009 report includes a deep-dive on emerging geographies covering costs, inflation, currency trends, etc.**

# Section III – Supplier developments | Overview

## Profiles developments across 20 leading suppliers, highlighting key implications for sourcing managers

### Supplier developments analysis | Transaction activity

Relative momentum of transaction announcements

Transaction announcements' activity in Q4 2009 and trend over Q3 2009

Suppliers	ITO deals	BPO deals	Both deals
Number	Trend	Number	Trend
<b>High activity in Q4 2009</b>			
IBM	XX	XX	XX
CSC	XX	XX	XX
Infosys	XX	XX	XX
ACS	XX	XX	XX
Atos Origin	XX	XX	XX
Convergys	XX	XX	XX
Accenture	XX	XX	XX
Unisys	XX	XX	XX
Capgemini	XX	XX	XX
HCL	XX	XX	XX
HP ES	XX	XX	XX
<b>Moderate activity in Q4 2009</b>			
Wipro	XX	XX	XX
TCS	XX	XX	XX
Perot	XX	XX	XX
Cognizant	XX	XX	XX
Genpact	XX	XX	XX
Tech Mahindra	XX	XX	XX
<b>Low activity in Q4 2009</b>			
EXL	XX	XX	XX
WNS	XX	XX	XX
Hewlett	XX	XX	XX

- Increased from last quarter
  - Similar to last quarter
  - Decreased from last quarter
- Across the group of Market Vista Index suppliers, XX new outsourcing transactions were announced in Q4 2009, a slight growth from the XX announced in the previous quarter.
- Traditional global suppliers XXXX (XX deals) and XXXX (XX deals), and offshore-centric supplier XXXX (XX deals) led overall transaction activity in the quarter.
- Key transactions announced in the quarter:
- XXXX announced a US\$XX billion, XX-year deal with XXXX under which it will provide a range of IT, BPO, and transformation services.
  - XXXX signed a US\$XX billion, XX-year deal with XXXX. XXXX will provide data center and infrastructure managed services.
  - XXXX and XXXX entered into a US\$XX million, XX-year deal under which it will provide XXXX with BPO, KPO and IT services. This deal was won as part of XXXX's acquisition of XXXX's captive center in XXXX.

1. Analysis based only on publicly announced transactions.  
2. Deals that include both ITO and BPO services.  
Note: The high activity group includes suppliers with at least XX new deals, the moderate activity group includes suppliers with XX to XX new deals, the low activity group includes suppliers with XX or XX new deal announced in the quarter.  
Source: Everest Research Institute (2010)

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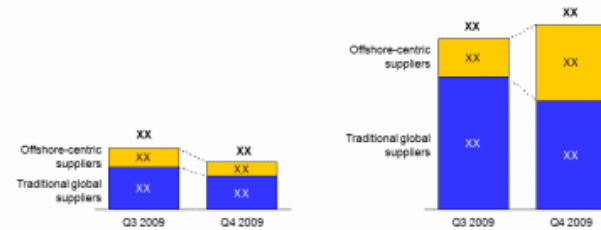
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### Supplier developments analysis | M&A and alliances

M&A activity declined in Q4 2009, while alliance activity increased

M&A by supplier category  
Number of acquisitions

Alliances by supplier category  
Number of alliances



- M&A declined in Q4 2009 compared to Q3 2009. While overall activity fell, captive divestitures continued to be a key feature of the activity, with two of the three offshore-centric suppliers' acquisition in this space. Capability expansion in existing areas was the key driver for acquisitions.
- Alliance activity stepped up in Q4, driven by offshore-centric suppliers.

Sources: Company Web sites, press releases

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22

### Supplier developments | Market Vista Index suppliers

This section explores market activity and insights from 20 leading global sourcing suppliers

#### Traditional global suppliers



#### Offshore-centric suppliers



This section focuses on key developments for the above suppliers across financial performance, recent transactions activity, developments in location footprint, and mergers, acquisitions, and alliance activity.

1. EDS was integrated into HP and the segment is now called HP Enterprise Services. For the purpose of this report, we will refer to the company as HP ES.  
2. Perot was acquired by Dell in Sep. 2009. The company is currently called Dell Perot Systems but will be rebranded Dell Services in subsequent quarters. For the purpose of this report, we will refer to the company as Perot.

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23

### Q4 2009 | Key market developments

Accenture (page 2 of 4)

#### Mergers & Acquisitions (M&A) and alliance activity (continued)

Type of activity	Target/partner firm	Description
Alliance	XXXX	XXXX expanded its partnership with XXXX to provide customers with design, configuration and operation services. These services integrate unified communications and collaboration tools into multiple applications across companies' information technology infrastructures. Solutions are aimed at the XXXX market.

#### Key takeaways from Q3 2009 earnings call

Category	Description
Financials	<ul style="list-style-type: none"> <li>Revenue unchanged in the quarter at US\$XX million.</li> <li>Operating margin declined XX bps over Q2 2009 to XX%.</li> <li>Accenture made restructuring changes, consolidated global office space and realigned senior workforce.</li> </ul>
Pricing	<ul style="list-style-type: none"> <li>Some pricing pressures aimed at reducing overall client costs existed in Q3 2009.</li> </ul>
Segments	<ul style="list-style-type: none"> <li>Geographies: Witnessed some momentum in XXXX, with the XXXX vertical seeing an increase in revenue. Challenges continue to exist in XXXX. Decline also seen in XXXX.</li> <li>Services: Share of revenue from consulting declined XX%, however, some signs of recovery. A healthy pipeline dominated by growth in the XXXX Deal size.</li> <li>Outsourcing increased ~XX% (in terms of revenue contribution) due to lower cost resources at reduced prices, and higher contract cancellations.</li> <li>Offshore: Offshore activity (primarily remote management) and for ADP. BPO became a strong generator.</li> <li>Verticals: Public services performed strongly on account of a new deal. Insurance was strong. Launched the XXXX Interactive business aimed at the XXXX market.</li> </ul>
Talent	<ul style="list-style-type: none"> <li>Headcount of XX including XX employees in the global delivery network.</li> <li>Utilization at XX%, an increase of XX bps over Q2.</li> <li>Attrition increased to XX% from XX% in Q2 2009.</li> <li>Announced plans to ramp up hiring in FY2010.</li> </ul>

Sources: Everest Research Institute (2010), company Web sites

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ERI-2010-8-PD-0304

Includes over 40 pages of data tables on M&A, new delivery centers, management changes, etc.

# Section III – Supplier developments | Illustrative output

This section includes a perspective on relative momentum across suppliers



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- Increased from last quarter
- Similar to last quarter
- Decreased from last quarter

## M&A and alliance activity in Q4 2009 and trend over Q3 2009

Suppliers	M&A		Alliance	
	Number	Trend	Number	Trend
<b>High activity in Q4 2009</b>				
XXXX	XX	<span style="color: green;">●</span>	XX	<span style="color: red;">●</span>
XXXX	XX	<span style="color: green;">●</span>	XX	<span style="color: green;">●</span>
XXXX	XX	<span style="color: yellow;">●</span>	XX	<span style="color: red;">●</span>
XXXX	XX	<span style="color: red;">●</span>	XX	<span style="color: red;">●</span>
XXXX	XX	<span style="color: green;">●</span>	XX	<span style="color: yellow;">●</span>
XXXX	XX	<span style="color: yellow;">●</span>	XX	<span style="color: yellow;">●</span>
XXXX	XX	<span style="color: yellow;">●</span>	XX	<span style="color: yellow;">●</span>
XXXX	XX	<span style="color: yellow;">●</span>	XX	<span style="color: green;">●</span>
XXXX	XX	<span style="color: red;">●</span>	XX	<span style="color: green;">●</span>
<b>Moderate activity in Q4 2009</b>				
XXXX	XX	<span style="color: red;">●</span>	XX	<span style="color: green;">●</span>
XXXX	XX	<span style="color: red;">●</span>	XX	<span style="color: yellow;">●</span>
XXXX	XX	<span style="color: red;">●</span>	XX	<span style="color: green;">●</span>
XXXX	XX	<span style="color: yellow;">●</span>	XX	<span style="color: green;">●</span>
XXXX	XX	<span style="color: yellow;">●</span>	XX	<span style="color: yellow;">●</span>
XXXX	XX	<span style="color: yellow;">●</span>	XX	<span style="color: yellow;">●</span>
<b>No activity in Q4 2009</b>				
XXXX	XX	<span style="color: yellow;">●</span>	XX	<span style="color: red;">●</span>
XXXX	XX	<span style="color: red;">●</span>	XX	<span style="color: yellow;">●</span>
XXXX	XX	<span style="color: red;">●</span>	XX	<span style="color: yellow;">●</span>
XXXX	XX	<span style="color: yellow;">●</span>	XX	<span style="color: red;">●</span>
XXXX	XX	<span style="color: yellow;">●</span>	XX	<span style="color: red;">●</span>

- M&A activity declined in Q4 2009, while a moderate increase was seen in alliance activity
  - Among traditional global suppliers, XXXX announced XX acquisitions, the highest in the group, while XXXX, XX, XX, and XX announced one each
  - Offshore-centric suppliers XXXX, XXXX, and XXXX also announced one acquisition each
  - XXXX (XX alliances) also led alliance activity, followed by XXXX (XX alliances), and XXXX (XX alliances)
- Key M&A deals signed in this quarter:
  - XXXX acquired XXXX, a networking solutions provider for US\$XX billion. The acquisition is expected to strengthen XXXX's networking solutions offering in XXXX
  - XXXX acquired analytics firm XXXX for US\$XX billion in a move that will strengthen its predictive analytics capabilities
  - Captive acquisitions remained a key theme in Q4 2009, with two suppliers, namely XXXX and XXXX augmenting existing capabilities through this route. XXXX acquired XXXX's XXXX-based XX employee captive for US\$XX million to strengthen its financial services capabilities. XXXX acquired the XXXX-based business travel captive of XXXX to expand capabilities in analytics and transaction processing

Note: Suppliers grouped as high, medium, and no-activity players based on the number and quality of acquisitions and alliances announced in the quarter

Sources: Company Web sites; press releases; Everest Research Institute (2010)



# Section III – Supplier developments | Illustrative output

Each supplier is profiled in detail across multiple dimensions

Sample profile – XXXX (page 1 of 2)



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Recent transaction activity				
Buyer name	Announcement date	TCV <sup>1</sup> estimate (US\$ million)	Duration (years)	Services
XXXX	Nov 2009	XXXX	XXXX	IO
XXXX	Nov 2009	XXXX	XXXX	AO
XXXX	Nov 2009	XXXX	XXXX	AO
XXXX	Nov 2009	XXXX	XXXX	AO
XXXX	Oct 2009	XXXX	XXXX	AO
XXXX	Oct 2009	XXXX	XXXX	AO
XXXX	Oct 2009	XXXX	XXXX	AO
XXXX	Oct 2009	XXXX	XXXX	AO

Location footprint			
Location	Status	Employees	Description
No location activity announced in the quarter			

Mergers & Acquisitions (M&A) and alliance activity		
Type of activity	Target/partner firm	Description
Alliance	XXXX	XXXX formed an alliance with XXXX, a XXXX-based provider of audience relationship management. The alliance will extend the capabilities of XXXX Interactive, a business launched by XXXX in Sep 2009. This solution helps companies develop digital marketing capabilities, enhance the development and management of their websites, and develop online marketing capabilities. As part of the alliance agreement, XXXX has taken a minority equity stake in XXXX

Sources: Everest Research Institute (2010); company Web sites

# Section III – Supplier developments | Illustrative output

Each supplier is profiled in detail across multiple dimensions

Sample profile – XXXX (page 2 of 2)



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Mergers & Acquisitions (M&A) and alliance activity (continued)		
Type of activity	Target/partner firm	Description
Alliance	XXXX	XXXX expanded its partnership with XXXX to provide customers with design, configuration and operation services. These services integrate unified communications and collaboration tools into multiple applications across companies' information technology infrastructures. Solutions are aimed at the XXXX market

Key takeaways from Q3 2009 earnings call	
Category	Description
Financials	<ul style="list-style-type: none"><li>■ Revenue unchanged in the quarter at US\$XX million</li><li>■ Operating margin declined XX bps over Q2 2009 to XX%</li><li>■ Accenture made restructuring changes, consolidated global office space and realigned senior workforce</li></ul>
Pricing	<ul style="list-style-type: none"><li>■ Some pricing pressures aimed at reducing overall client costs existed in Q3 2009</li></ul>
Segments	<ul style="list-style-type: none"><li>■ Geographies: Witnessed some momentum in XXXX, with the XXXX vertical seeing some signs of recovery; however, revenue declined. Challenges continue to exist in XXXX. Decline also seen in XXXX. XXXX broadly unchanged</li><li>■ Services: Share of revenue from consulting declined XX%, however, some signs of demand stabilization were seen. Within SI, saw a healthy pipeline dominated by growth in the XXXX Deal sizes continued to be small with quicker payback. Outsourcing increased ~XX% (in terms of revenue contribution) due to lower scope expansion of existing projects, shift to lower cost resources at reduced prices, and higher contract cancellations. Demand was strong for infrastructure outsourcing (primarily remote management) and for ADM. BPO became a strong generator of bottom-line results</li><li>■ Verticals: Public services performed strongly on account of a new set of offerings. In addition, demand from healthcare grew significantly in Q3. Declines seen in communications and hi-tech and products. Financial services saw some stability, and insurance was strong. Launched the XXXX Interactive business aimed at the digital marketing segment</li></ul>
Talent	<ul style="list-style-type: none"><li>■ Headcount of XX including XX employees in the global delivery network</li><li>■ Utilization at XX%, an increase of XX bps over Q2</li><li>■ Attrition increased to XX% from XX% in Q2 2009</li><li>■ Announced plans to ramp up hiring in FY2010</li></ul>

Sources: Everest Research Institute (2010); company Web sites

# Section III – Supplier developments | Illustrative output

In addition, the section includes spotlight on key supplier developments in 2009



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	Top M&As by acquisition value	Top delivery location activity	Top outsourcing deals by total contract value
Traditional global suppliers	<ul style="list-style-type: none"> <li>■ <b>XX-XX (Q3 2009):</b> The merger is expected to strengthen XXXX's and XXXX's BPO capabilities. The deal was valued at US\$XX billion</li> <li>■ <b>XX-XX (Q3 2009):</b> Valued at US\$XX billion, the merger is expected to allow XXXX to offer a broader range of IT services</li> <li>■ <b>XX-XX (Q4 2009):</b> This acquisition, valued at US\$XX billion will strengthen XX's networking solutions offering in the XXXX market</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>XXXX:</b> Total of XX centers, XX onshore and XX offshore</li> <li>■ <b>XXXX :</b> XX offshore centers</li> <li>■ <b>XXXX :</b> XX offshore centers</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>XX-XX (Q4 2009):</b> US\$XX billion, XX-year deal for BPO and ITO services</li> <li>■ <b>XX-XX (Q4 2009):</b> US\$XX billion, XX-year deal for IO services</li> <li>■ <b>XX-XX (Q1 2009):</b> US\$XX billion, XX-year deal for IO services</li> </ul>
Offshore-centric suppliers	<ul style="list-style-type: none"> <li>■ <b>XX-XX (Q1 2009):</b> Valued at US\$XX million, the acquisition is expected to expand XXs ITO and BPO service portfolio, and help XXXX diversify beyond telecom</li> <li>■ <b>XX-XX (Q4 2009):</b> Valued at US\$XX million, this acquisition will strengthen XXXX's financial services capabilities</li> <li>■ <b>XX-XX (Q4 2009):</b> Valued at US\$XX million, the acquisition will strengthen XXXX' insurance domain expertise</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>XXXX :</b> XX new centers, two each onshore and offshore</li> <li>■ <b>XXXX :</b> XX offshore centers</li> <li>■ <b>XX, XX, and XX:</b> XX offshore centers each</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>XX-XX (Q1 2009):</b> US\$XX billion, XX-year deal for IO services</li> <li>■ <b>XX-XX (Q2 2009):</b> US\$XX million, XX-year deal for IO services</li> <li>■ <b>XX-XX (Q4 2009):</b> US\$XX million, XX-year deal for BPO and ITO services</li> </ul>

1 Deal signed with XXXX

2 XXXX

Source: Everest Research Institute (2010)



# Market Vista encompasses a suite of offerings

## Multiple delivery formats allow Global Sourcing Managers to access information in a way that supports the decision-making process



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Market Vista offering	Description	Standard subscription access (annual)	Premium subscription access (annual)
<b>Quarterly Report</b>	Quarterly report with in-depth coverage of transaction, location, and supplier trends	✓	✓
<b>Primer</b>	Quarterly brief of expert perspectives on emerging market trends (e.g., new pricing models)	✓	✓
<b>Location database</b>	Annually updated database of location stats (e.g., cost, attrition, inflation rates) for 23 major cities	✓	✓
<b>Breaking viewpoint</b>	Flash reports highlighting breaking industry news and expert perspectives on key implications	✓	✓
<b>Locations Insights e-newsletter</b>	Bi-monthly Global Location Insights e-newsletter containing detailed country and region info	✓	✓
<b>Supplier capability profiles</b>	Annually updated library of 200+ supplier profiles, including functional views (e.g., FAO, HRO)		✓
<b>Analyst consultation</b>	10 hours of analyst access per year for personalized insights and additional perspectives		✓

# Appendix: Additional research references



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The following documents are recommended for additional insight on the topic covered in this Research Report. The recommended documents either provide additional details on the topic or complementary content that may be of interest

1. **Market Vista: Q3 2009** (ERI-2009-8-R-0375); 2009. This report summarizes the key trends and developments for Q3 2009 in the global offshoring and outsourcing market.
2. **Outsourcing and Offshoring Trends in Consumer Electronics** (ERI-2010-2-R-0382); 2010. This research report analyzes outsourcing and offshoring activity, examines sourcing models and functional scope across leading consumer electronics companies, and captures emerging global sourcing trends in this vertical. The report also presents synthesized learnings on how leading consumer electronics companies have maximized value by leveraging global sourcing as an enabler to corporate strategy.
3. **Executive Perspective – Transformational Outsourcing** (ERI-2009-0-B-0392); 2010. Over the last 10 years, there has been a discernable decline in the number of outsourcing transactions over US\$250 million in total contract value. However, the megadeal segment remains alive and well. One of the primary buyer motivation for large deals is to pursue true transformational outsourcing across the enterprise, bundling activities that are key to unlocking significant gains in business performance. This Executive Perspective note focuses on Transformational Outsourcing.

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