



**Global Sourcing (GS)
Report: April 2011 – Preview Deck**

**Topic: Outsourcing and Service Provider Landscape in
Germany**

Background, objective, and scope of the research

This report examines outsourcing market trends and the service provider landscape for Germany



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Background of the research

- Germany is among the largest outsourcing services market in Europe, only lagging behind the UK in terms of market size
- While the recent European crisis led to increased outsourcing and offshoring adoption among German buyers (to reduce costs and improve efficiency), the service provider landscape in the German market is also evolving
- In addition to domestic service providers, several regional and global players have achieved credible scale and capabilities in the country
- In this backdrop, an understanding of outsourcing market in Germany is critical for buyers and service providers alike. While buyers need a clear understanding of market trends and service provider capabilities, it is important for service providers to understand demand trends and the competitive landscape to compete effectively in the marketplace

Objective

- This report is intended to provide an overview of outsourcing in Germany and key insights into demand and supply trends. More specifically, this report:
 - Provides an overview of the outsourcing market in Germany
 - Examines adoption trends and highlights future opportunities for growth
 - Assesses the German service provider landscape to identify market leaders
 - Profiles the top-10 service providers and comments on their capabilities across services and industries

Research scope

- Services: IT applications outsourcing (AO), IT infrastructure outsourcing (IO), Business process outsourcing (BPO)
- Geography: Germany; analysis of outsourcing transactions originating in Germany
- Service providers: Top-10 service providers in the German outsourcing marketplace

Background, objective, and scope of the research

From the large number and variety of service providers active in Germany this report identifies and examines the market leaders



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NOT EXHAUSTIVE

Global majors



European/regional service providers



German service provider landscape

Indian heritage providers



Other providers



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Overview and abbreviated summary of key messages



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This report examines the outsourcing market in Germany and analyzes the capabilities of the leading service providers in the market. It focuses on German outsourcing market size and growth, outsourcing adoption trends and transaction characteristics, future industry outlook, service provider landscape with a deep-dive on capabilities of the top-10 market leaders, and profiles of top-10 service providers. It also identifies the key implications for buyers and service providers in Germany in order to capitalize on growth opportunities in this region. Some of the findings in this report, among others, are:

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Germany market overview

- Germany accounts for roughly a quarter of the European outsourcing market, only lagging behind the UK in terms of market size
- While outsourcing transaction volumes slowed down in 2009, the market witnessed a resurgence in growth in 2010 on the back of pent-up demand, increased appetite for discretionary spending, and large deals
- Going forward, the German outsourcing market has substantial headroom for growth. Economic pressures, demographic shifts, a large upcoming renewal event, and low adoption versus mature markets are key factors contributing to this market growth

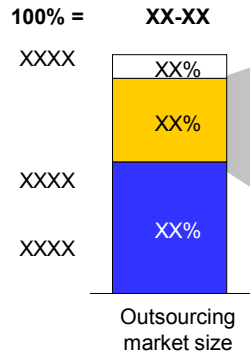
Service provider landscape

- Overall, outsourcing adoption in Germany continues to be dominated by ITO in manufacturing and financial services
- The service provider landscape is segmented into four broad categories: Global majors, European/regional providers, Indian-heritage providers, other service providers
- The top-10 service providers in Germany are an equal mix across European/ regional majors and global majors
- While Indian-heritage providers currently have only a small share of the market currently, they are investing in building sales and onshore delivery capabilities to drive growth

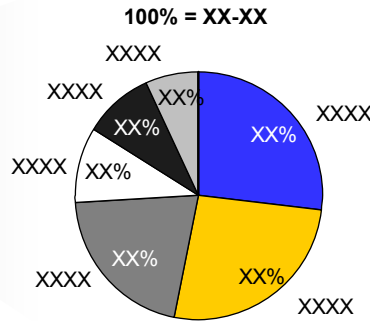
This study offers two distinct chapters providing a deep dive into key aspects of German market; below are four charts to illustrate the depth of the report

Outsourcing market size and growth

Global outsourcing market size
2010; € billion

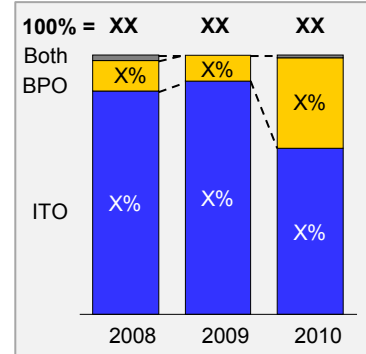


Outsourcing market size in Europe
2010; € billion

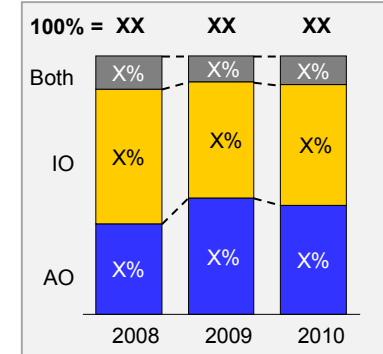


Outsourcing adoption trends

Transactions announced by function
2008-2010; Number of transactions

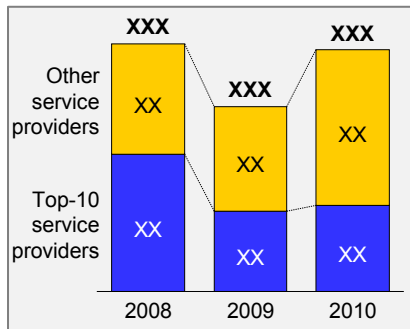


ITO transactions announced by function
2008-2010; Number of transactions

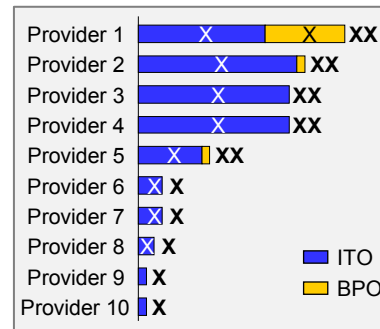


Service provider landscape overview

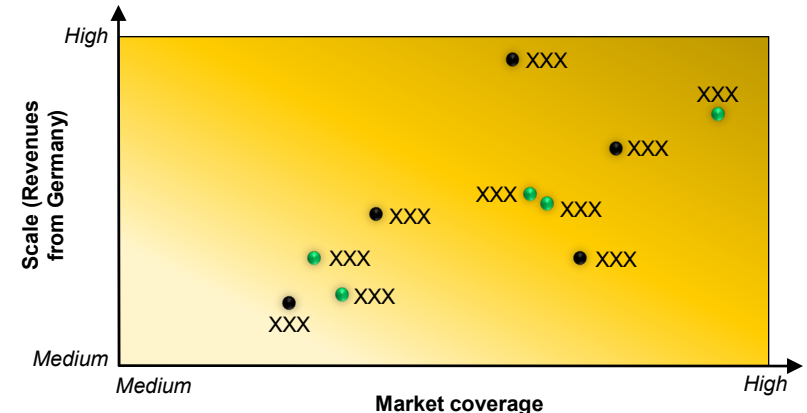
Transaction share for top-10 service providers
Number of transactions



Transaction activity for top-10 service providers
2008-2010; Number of transactions by function (IT/BPO)



Market leaders



Source: Everest Research Institute (2011)

This report also identifies market leaders across service lines as well as for leading industries in Germany in terms of outsourcing adoption

Market leaders | Infrastructure outsourcing

AAA is a clear leader; XXX, YYY, XXX are top providers by infrastructure outsourcing transaction volumes



Transaction activity in Germany
2008-2010; Number of transactions

Transaction TCVs in Germany
2008-2010; € million

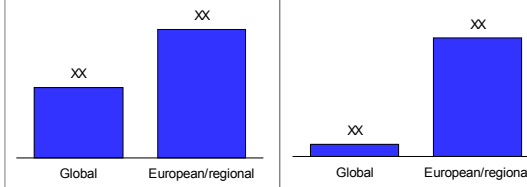
Market leaders | Applications outsourcing

AAA, BBB, CCC are at the forefront of applications outsourcing activity



Transaction activity in Germany
2008-2010; Number of transactions

Transaction TCVs in Germany
2008-2010; € million



Leading service providers

- Service provider 1
- Service provider 2
- Service provider 3

Service provider 1	<ul style="list-style-type: none"> ■ Global AO market leader with services that span the entire applications outsourcing spectrum ■ Serves domestic and international clients including XXX, YYY, and ZZZ among others ■ Large deal (>€XXX million, X year) with client Y for ADM services including SAP in Europe and North America ■ Acquired German CRM software company in Jan 2011 to strengthen offerings for buyers across Europe
Service provider 2	<ul style="list-style-type: none"> ■ 12 AO deals during 2008-2010; majority of the contracts are with financial services buyers, followed by telecom and technology, and energy and utilities ■ Announced €XX billion deal with client A in Dec 2010, for managed services and systems integration for seven years ■ Counts XXX, YYY, and ZZZ among key customers
Service provider 3	<ul style="list-style-type: none"> ■ 11 AO deals in Germany during 2008-2010 across full spectrum of services for domestic and European clients ■ Clients primarily in govt. & defense (client X) and energy & utilities (client Y), followed by technology (client Z), travel & logistics (client N)

Note: TCV not reported for all announced transactions
Source: Everest Research Institute (2011)

Market leaders for each service line (AO, IO) and top-4 industries in Germany (manufacturing, financial services, telecom and technology, travel and logistics)

In addition, the report profiles the top-10 service providers in the German services outsourcing market

Service provider profile

Service provider X



Company overview

Company description: Company X is a global management consulting, technology services, and outsourcing organization. It offers both IT and BPO services. It primarily serves industries like automotive, communications, electronics & high technology, and public sector, among the others

Ownership: Public

Headquarters: USA

Web site: www.XXX.com

Size and spread of operations in Germany

Revenues from Germany	€XXX – XXX million ¹
Headcount in Germany	XXX – XXX ¹
No. of transactions announced in last 3 years	XX
Key clients: Client 1, client 2, client 3,, client n	

Market news (relevant to Germany)

- Jan 2011: Company X completed the acquisition of Company Y, a German provider of CRM and mobility software focused on retail execution and trade promotion for CPG clients

Key alliances

- In May 2010, Company X entered into an alliance with Company Z to address the sales automation needs of consumer goods companies in the EMEA and Latin America region
- Also has global alliances with AAA, BBB, CCC

Capability and market success:

■ Market leader
 ■ Emerging
 ■ Limited

By industry vertical			By service line		
■ Financial services	■ Healthcare	■ Telecom and technology	■ IT applications	■ IT infrastructure	■ BPO
■ Energy and utilities	■ Manufacturing	■ Travel and logistics			
■ Govt. and defense	■ Retail				

¹ Everest estimates
Source: Everest Research Institute (2011)

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. Outsourcing Transactions in Germany** (ERI-2011-2-D-0533); 2011. The data base provides the list of IT-BPO transactions announced in Germany. The database can be used to analyze market trends in Germany, obtain intelligence on deals up for renewal in specific function or vertical, and perform functional deep-dive to analyze outsourcing deals and related market trends. It contains over 650 outsourcing transactions announced till 2010 (226 announced during 2008 – 2010)
- 2. Market Vista: Q4 2010** (ERI-2011-8-R-0498); 2010. This report summarizes the key trends and developments for Q4 2010 in the global offshoring and outsourcing market
- 3. Global Sourcing 2.0 – Evolving Global Delivery Imperatives for Outsourcing Service Providers** (ERI-2010-2-R-0439); 2010. This report analyzes the trends and next generation imperatives for service providers along some of the key components of global delivery – location portfolio, operating model, and talent management. The report presents the global delivery trends with pertinent examples, data analysis and observations, and draws important implications for service providers as well as buyers of outsourcing services
- 4. Market Vista Q2 2010: Primer – Overview of Key Contact Center Suppliers in EMEA for French Language Support** (ERI-2010-8-R-0452); 2010. This report provides an overview of select regional contact center suppliers in Europe, Middle East, and Africa (EMEA) that have successfully achieved meaningful scale and capabilities in the French language and are fast emerging on the global sourcing landscape

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