Global Sourcing (GS) Report: May 2011 – Preview Deck

Topic: Outsourcing Landscape in France: Global Sourcing and Service Provider Assessment

ERI-2011-2-PD-0541

Background, objective, and scope of the research

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

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Background of the research

- France, the second-largest economy in Europe, currently accounts for approximately one-fifth of the European outsourcing market, lagging behind the United Kingdom and Germany in terms of market size
- In line with the trend observed in Continental Europe, French companies have traditionally been conservative in their adoption of outsourcing and offshoring of services. The country's labor laws, cultural context, and business environment have constrained large scale adoption of outsourcing
- The French economy showed greater resilience, during the economic crisis, and returned to growth sooner than most comparable economies. However, with other major markets returning to growth, French companies are witnessing increased competitive pressure from global peers and initiatives to contain costs and improve efficiency are becoming increasingly important. Consequently, outsourcing and offshoring of services is emerging as a strong lever for French companies seeking to maintain growth and remain competitive in the current economic environment
- In anticipation of the next wave of growth in the French outsourcing market, the service provider landscape is evolving. Service providers are looking to build differentiated capabilities to maximize their market share and success
- Against this backdrop, an understanding of the outsourcing market in France is critical for buyers and service providers alike. Buyers need a clear understanding of market trends and service provider capabilities, whereas service providers need 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 France and key insights into demand and supply trends. More specifically, this report:
  - Provides an overview of the outsourcing market in France
  - Examines adoption trends and highlights future opportunities for growth
  - Assesses the French 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: France; analysis of outsourcing transactions originating in France
- Service providers: Top 10 service providers in the French outsourcing marketplace

Background, objective, and scope of the research

This report identifies and examines the market leaders from the large number and variety of service providers active in France

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NOT EXHAUSTIVE

French service provider landscape

European/regional service providers

- Atos Origin
- Fujitsu
- Logica – be brilliant together
- Siemens – Siemens IT Solutions and Services
- Steria
- Tieto
- T-Systems

Global majors

- Accenture – High performance. Delivered.
- ACS – A Xerox Company
- Capgemini – Consulting. Technology. Outsourcing
- CSC
- Dell
- HP
- IBM
- Unisys

Domestic providers

- Bull
- Coriolis service
- GFI
- Sopra group

Indian heritage providers

- Cognizant
- HCL
- Infosys
- Mahindra Satyam
- TATA – Tata Consultancy Services
- Wipro – Applying Thought

Other providers (Network-focused, Logistics-focused, etc.)

- Alcatel-Lucent
- Bell
- BT
- Orange Business Services
- CEVA

Source: Everest Research Institute (2011)

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Overview and abbreviated summary of key messages

This report examines the outsourcing market in France and analyzes the capabilities of the leading service providers in the market. It focuses on French 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 France in order to capitalize on growth opportunities in this region. Some of the findings in this report, among others, are:

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France market overview

- The outsourcing opportunity in France is substantial, given the country's large cost base. However, penetration levels are moderate relative to mature markets such as the UK, providing room for prospective growth
- Outsourcing activity in France was not significantly impacted by the global economic downturn. The number of transactions and outsourcing market size remained largely stable given the robust financial sector, relatively insular economy, and the government's stimulus measures
- The future outlook is positively driven by growing interest/acceptance for global sourcing, and healthy future demand from well-performing sectors such as financial services

Service provider landscape

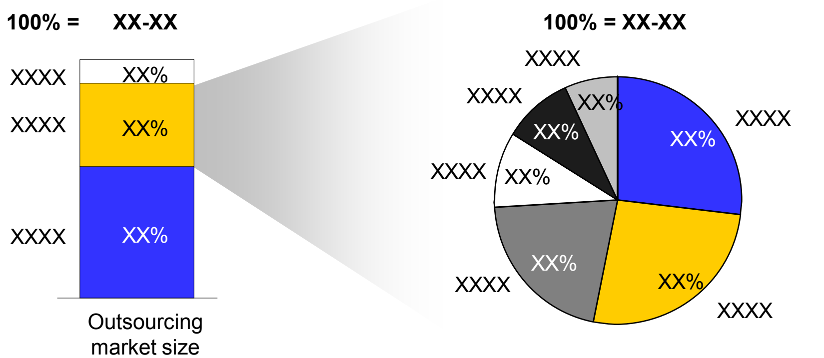
- Overall, outsourcing adoption in France is dominated by ITO contracts in government and defence, and manufacturing
- The service provider landscape is diverse, with five categories of service providers targeting the French market: Global majors, European/regional providers, domestic service providers, Indian- heritage providers, and other providers that are primarily focused on offering IT products and network-centric services
- The top-10 service providers in France are feature a mix of European/ regional majors, global majors, and a couple of domestic service providers
- Indian-heritage providers have achieved limited presence in the market. However, these providers are now increasing their focus on the French market

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

Outsourcing market size and growth

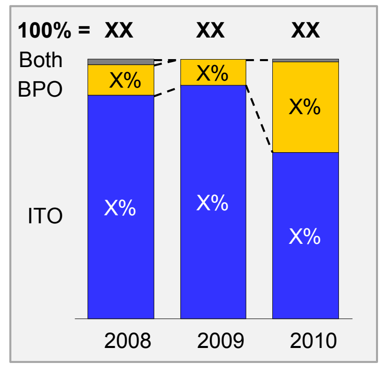
Global outsourcing market size
2010; € billion

Outsourcing market size in Europe
2010; € billion

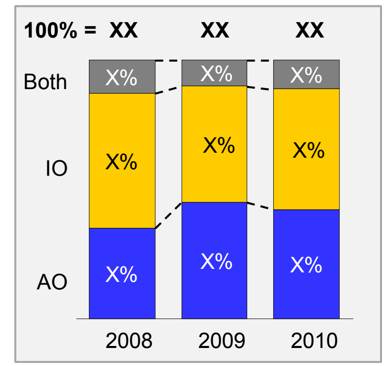


Outsourcing adoption trends

Transactions announced by function
2008-2010; Number of transactions

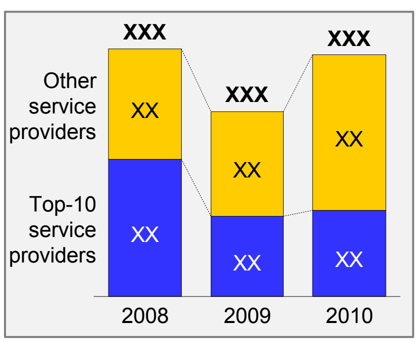


ITO transactions announced by function
2008-2010; Number of transactions

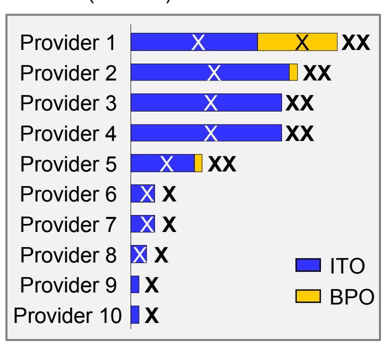


Service provider landscape overview

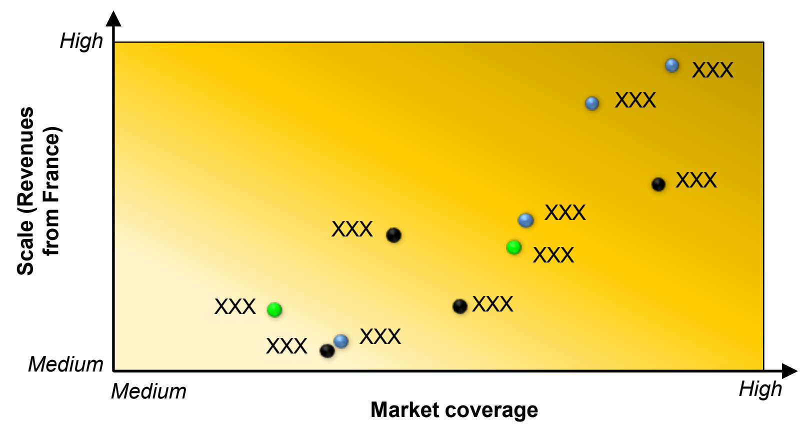
Transaction share for top-10 service providers
Number of transactions



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

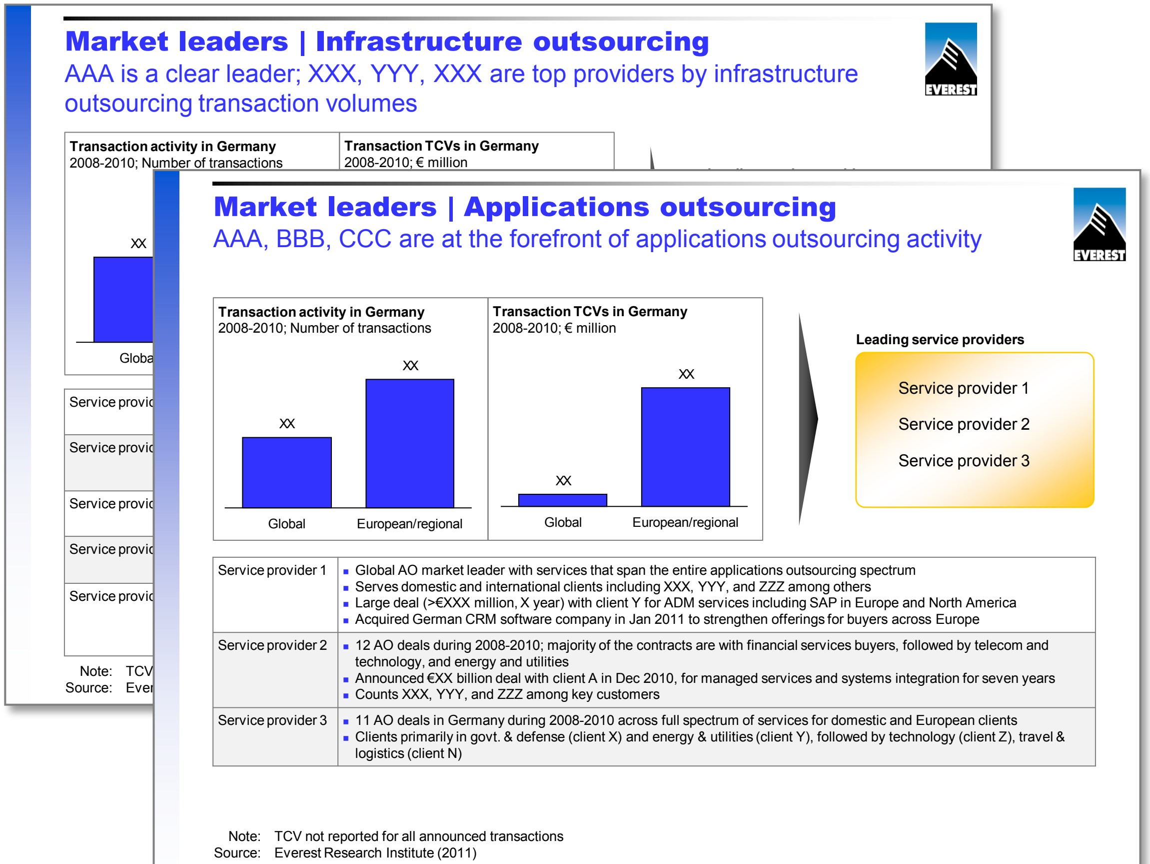


Market leaders



Source: Everest Research Institute (2011)

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



Market leaders for each service line (AO, IO) and top-4 industries in France (government & defense, manufacturing, financial services, energy & utilities)

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

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Service provider profile

Service provider X

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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

Financial services	Healthcare	Telecom and technology
Energy and utilities	Manufacturing	Travel and logistics
Govt. and defense	Retail	

By service line

- IT applications
- IT infrastructure
- BPO

1 Everest estimates
Source: Everest Research Institute (2011)

Source: Everest Research Institute (2011)

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 France** (ERI-2011-2-D-0546); 2011. The data base provides the list of IT-BPO transactions announced in France. The database can be used to analyze market trends in France, 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 450 outsourcing transactions announced till 2010 (172 announced during 2008-2010)

2. **Market Vista: Q1 2011** (ERI-2011-8-R-0543); 2011. This report summarizes the key trends and developments for Q1 2011 in the global offshoring and outsourcing market

3. **Outsourcing and Service Provider Landscape in Germany** (ERI-2011-2-R-0531); 2011. This report provides an overview of the outsourcing market in Germany across market size and growth, key adoption trends, future industry outlook; and provides an in-depth analysis of the service provider landscape with a focus on the capabilities of the top-10 market leaders

4. **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, observations, and draws important implications for service providers and buyers of outsourcing services

5. **Changing Pecking Order of Indian IT** (ERI-2011-8-V-0548); 2011. The report provides a quick comparison of the pecking order of the WITCH group (Wipro, Infosys, TCS, Cognizant, and HCL Technologies) in a defined set of industries – Banking, financial services, and insurance (BFSI), healthcare and life sciences, and energy and utilities (E&U)

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

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