



Global trends in outsourcing/offshoring

Panel A: Outsourcing becoming a necessity more than a need

Panelist: H Karthik, Vice President – Everest Group

May 28, 2013

Key messages

- 1 Global services is a large and maturing market
- 2 Global sourcing is a business imperative with benefits too strong to be ignored
- 3 Increasing push towards value beyond savings, but not at the expense of savings
- 4 Emerging locations have significant opportunity, but to complement and not compete with established locations
- 5 Traditional supply markets are evolving into demand markets

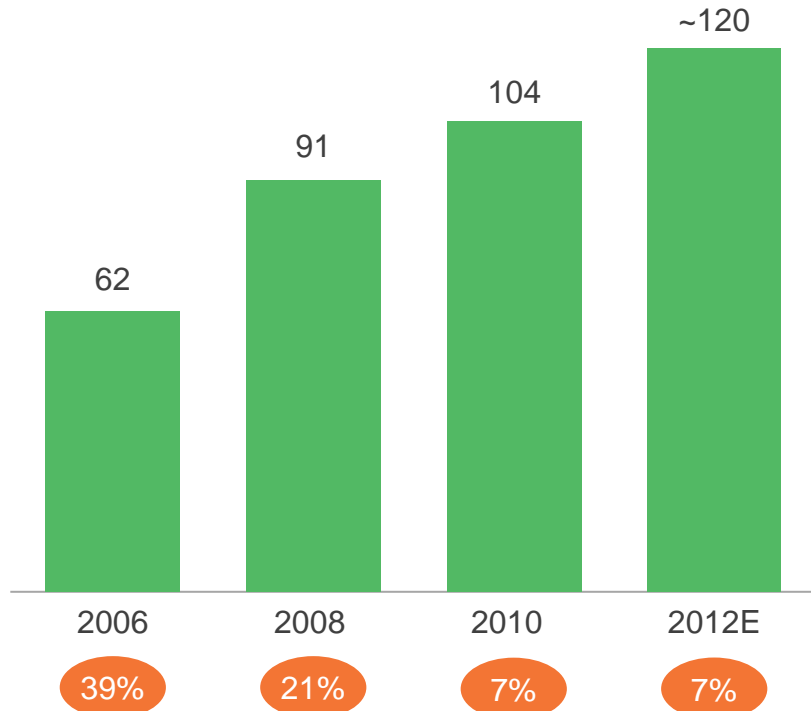
Global services is a large and maturing market

1

Global services market size¹

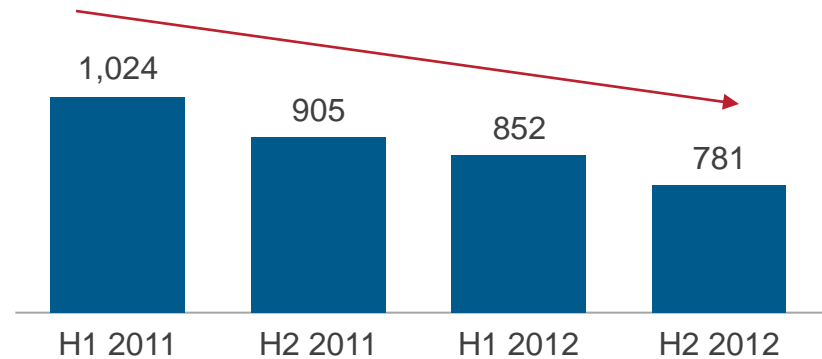
2006-12; US\$ billion

XX% Two-year CAGR²



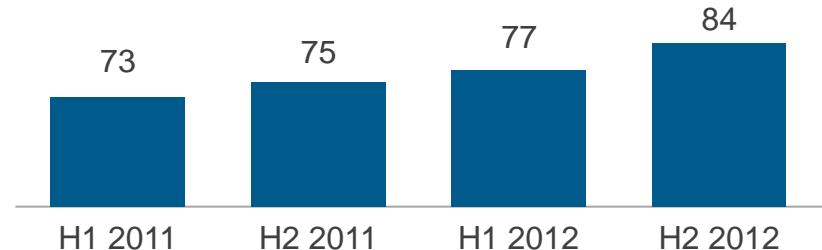
Global outsourcing transactions reported

2011-12; Number



Offshore delivery center set-ups³

2011-12; Number



1 Includes both IT services and Business Process; excludes engineering services/R&D

2 Compounded annual growth rate

3 Include delivery center set-ups across Global In-house Centers and service providers

Source: Everest Group (2013)

Global sourcing is a business imperative with benefits too strong to be ignored

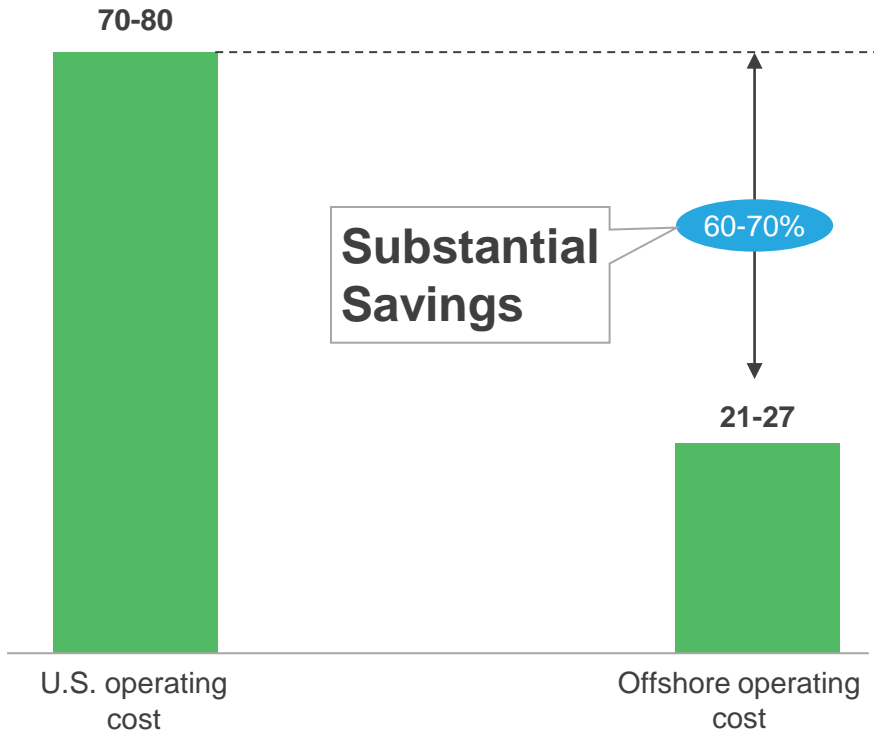
2

Savings due to labor arbitrage

TCO savings for BPO
US\$ 000s per FTE per annum

BPO-TRANSACTION PROCESSING

U.S.-INDIA



Access to talent and skills

Global leadership

Risk diversification

IP generation

Improved speed to market

Source: Everest Group (2013)

Increasing push towards value beyond savings, but not at the expense of savings

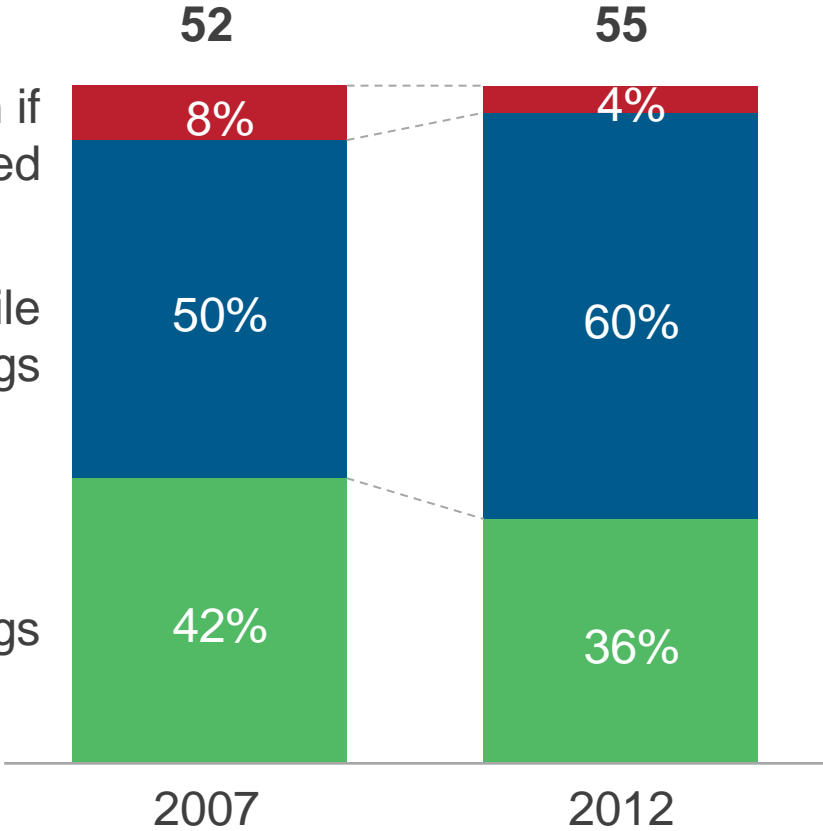
Expectations of value beyond cost savings
Distribution of parent respondents; Percentage

100% =

Deliver additional value even if cost savings is reduced

Deliver additional value while maintaining cost savings

Focus only on cost savings



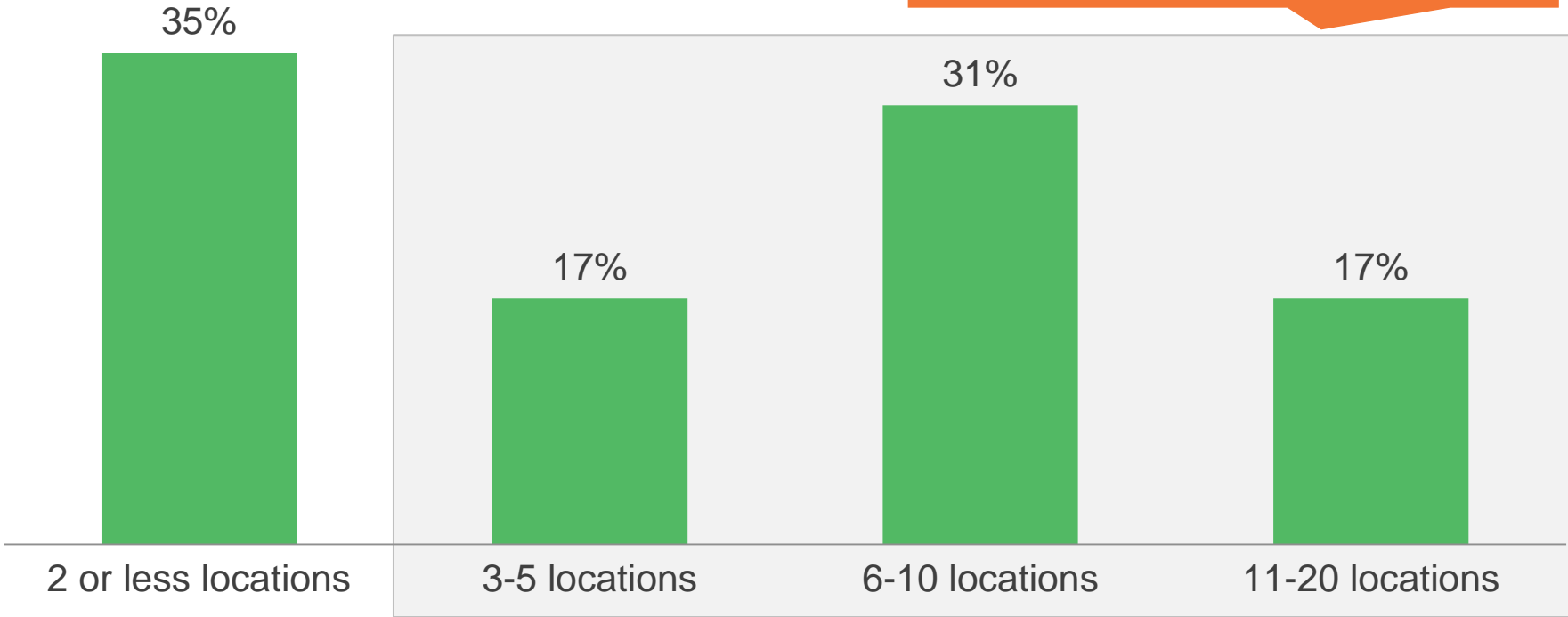
Source: Everest Group GIC Value Diagnostic Survey 2012, Everest Group Captive survey 2007

Emerging locations have significant opportunity, but to complement and not compete with established locations

Share of respondents (buyers and third-party service providers with > 2,500 FTEs offshore) by number of locations in their global sourcing portfolio

Percentage of respondents (100%=162)

Mature adopters leverage a multi-location model; opportunity for emerging locations to complement



Source: Everest Group Locations Survey 2011/12

Everest Group

Leading clients from **insight** to *action*

Everest Group is an advisor to business leaders on the next generation of global services with a worldwide reputation for helping Global 1000 firms dramatically improve their performance by optimizing their back- and middle-office business services. With a fact-based approach driving outcomes, Everest Group counsels organizations with complex challenges related to the use and delivery of global services in their pursuits to balance short-term needs with long-term goals. Through its practical consulting, original research, and industry resource services, Everest Group helps clients maximize value from delivery strategies, talent and sourcing models, technologies, and management approaches. Established in 1991, Everest Group serves users of global services, providers of services, country organizations, and private equity firms in six continents across all industry categories. For more information, please visit www.everestgrp.com and research.everestgrp.com.

Dallas (Corporate Headquarters)

info@everestgrp.com
+1-214-451-3000

Toronto

canada@everestgrp.com
+1-416-865-2033

India / Middle East

india@everestgrp.com
+91-124-496-1000

New York

info@everestgrp.com
+1-646-805-4000

London

unitedkingdom@everestgrp.com
+44-207-129-1318

Stay connected

Websites



www.everestgrp.com
research.everestgrp.com

Twitter



@EverestGroup
@Everest_Cloud

Blogs



www.sherpasinblueshirts.com
www.gainingaltitudeinthecloud.com