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Everest Q3 Report: North American Financial Sector Contracts Double Over Q2, Global Outsourcing Market Drops 10 Percent

Special Focus Topics: Financial Services, Output-Based Pricing In ITO, Asia

Press release

DALLAS, November 4, 2009 – North American banking and financial services firms signed twice as many outsourcing deals in the third quarter as compared to the second quarter this year, according to the [Market Vista: Q3 2009](#) report by Everest, a global [consulting](#) and [research](#) firm. Everest's quarterly study on global outsourcing and offshoring activity reports transaction volume decreased 10 percent globally in the third quarter compared to the previous quarter, while captives activity was at an 18-month high. A one-hour [Webinar](#) will be held Nov. 10, 9 a.m. CST, to present study findings and insights.

Comparing Q3 to Q2 this year, the report includes the following findings:

- The BFSI (banking, financial services, insurance) services and MDR (manufacturing, distribution, retail) verticals contributed towards 36 percent of deal signings, and healthcare deals increased 4 percent
- While BFSI sector transactions doubled in North America and accounted for almost half of all global transactions, global deals in the sector dropped from 88 in Q2 to 81 in Q3
- North America and Europe contributed towards three-fourths of total transaction signings; Rest of the World activity remained steady
- Transaction volume in BPO decreased 14 percent; ITO activity decreased 8 percent
- Twenty-eight new captives were established in Q3 – an 18 month high. India led with 11 new centers followed by Europe with eight, Rest of Asia with six, and Latin America with two new centers. Divestiture of four captives occurred
- Suppliers announced a total of 144 new transactions in Q3 versus 161 in Q2, led by [IBM](#). Overall transactions activity improved for offshore centric-suppliers, while it declined for traditional global majors

"We continue to see indications that the market is gradually progressing towards recovery as buyers are now able to re-focus attention towards proactive measures to add value and lower costs for their organizations," said [Eric Simonson](#), Managing Principal of Research, Everest. "We expect to see recovery continue into 2010, driven by gradual stabilization of the global economic and business environment."

Everest's quarterly Market Vista reports provide data and analysis of deal trends in the outsourcing and offshoring market, captive landscape, current and emerging locations, key supplier developments, and key developments across the top 20 financial services companies globally. The Market Vista Q3 report also includes focus sections on input-based pricing for IT outsourcing (ITO), outsourcing destinations in Asia, and the acquisitions of [ACS](#) by [Xerox](#) and [Perot Systems](#) by [Dell](#).

Location optimization study insights include:

- Cost arbitrage in many European countries increased over the past 12 months due to factors including favorable exchange

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rate dynamics expected to hold for 6-9 months and reduced operating costs. As a result, offshore activity increased over last two quarters and 14 new centers were established in Q2-Q3 compared to nine during same time period in 2008

- Several new delivery centers and captives were established in China over the last few quarters that mostly serve markets in Japan, Korea and the domestic market in China; however, there is little evidence of large-scale offshore operations for United States and United Kingdom clients
- At the current momentum, the arbitrage opportunity for Asian cities is on an average of about 20 years for both ITO and BPO

Quarterly Market Vista reports include key developments among 20 leading global suppliers. Traditional supplier profiles include [Accenture](#), [ACS](#), [Atos Origin](#), [Capgemini](#), [Convergys](#), [CSC](#), [Hewlett, HP](#), [IBM](#), [Perot Systems](#) and [Unisys](#). Offshore-centric supplier profiles include [Cognizant](#), [EXL](#), [Genpact](#), [HCL](#), [Infosys](#), [Mahindra Satyam](#), [Tata Consultancy Services](#), [Wipro](#) and [WNS](#).

The 45-minute [Webinar](#), followed by 15 minutes of questions and answers with participants, will be held Nov. 10 at 9 a.m. CST; 10 a.m. EST; 3 p.m. GMT Standard Time; 8:30 p.m. India Time. To register, please visit:

www.everestresearchinstitute.com/Events/Webinars.

[Market Vista](#) is a subscription service with four reports published per year. For information about the [Market Vista: Q3 2009](#) report or other research services, please visit www.everestresearchinstitute.com, e-mail info@everestresearchinstitute.com or call +1-214-451-3110.

About Everest

Everest Group is a global consulting and research firm that comprehensively serves the outsourcing and offshoring market. An industry leader since creating the sourcing consultancy practice in 1991, Everest has earned a worldwide reputation for ongoing innovation by helping clients capture optimum value through sourcing strategies and implementation. Everest provides information, insight, and advice to help buyers, suppliers, and enablers of services effectively navigate all stages of the sourcing lifecycle. Committed to thought leadership, Everest is noted for its fact-based analyses and insights on the outsourcing and offshoring marketplace. For more information, please visit www.everestgrp.com and www.everestresearchinstitute.com.