

## NEWS RELEASE

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## **Company-owned operations (“captives”) in India are accelerating despite contrary opinions, says Everest Research Institute**

**DALLAS, May 1, 2007** – Company-owned offshoring operations in India, known as “captives,” continue to grow at a rapid pace contrary to popular perception, according to a new, in-depth study from the Everest Research Institute. The Institute will host a Webinar on May 3, at 7 a.m. CDT, that will explore the evolution of the Indian captive landscape and highlight key emerging trends.

According to the study, *Indian Captive Market – Trends and Implications*, the captive market is growing at a 30 percent clip, which is directly in pace with the overall Indian offshore services market. Two drivers of the growth include: Fortune 2000 companies continue to set up new operations with over 50 operations added in the last three years, and existing captive operations continue to expand with many of them planning to double their capacities in the next two years.

“The growth of Indian captives continues to spread across industry verticals, functions, size of the parent companies and geographies,” said Nikhil Rajpal, Vice President, Global Sourcing, Everest Research Institute. “Existing captive operations are evolving from being lost-cost providers into strategic entities by aligning themselves with their parent companies, managing more end-to-end strategic processes and driving innovation and profit impact.”

The study also pointed to additional implications:

- Organizations considering offshoring should evaluate the captive-center option given their potential to drive business value.
- Existing company-owned operations in India can deliver strategic value beyond labor arbitrage, but the captives must operate differently and integrate better with their parent companies.
- To help the captives along this journey to add value, parent companies with existing captive operations in India must:
  - o Clearly create alignment on the definition of value between parent and captive stakeholders;
  - o Help cultural change within their global organizations to facilitate the evolution of the captive beyond an arbitrage player; and
  - o Design and implement governance mechanisms to integrate the captive better.
- Indian suppliers should recognize the continued rapid growth of captives and, although they compete with captives, must learn how to co-exist as most large organizations utilize both operations.

The Indian captives market comprises about US \$9 billion, accounts for 30 percent of the Indian offshore services market and employs about 200,000 full-time employees, according to the Institute. Information technology, engineering and business processes continue to dominate company-owned offshore operations in India.

The Webinar will take place on **May 3, 2007**, at 7 a.m. CDT; 1 p.m. GMT; 5:30 p.m. IST. To register, please visit: [www.everestgrp.com/Webinars](http://www.everestgrp.com/Webinars).

For additional information and samples from the Indian captives study, please visit [www.outsourcing-center.com](http://www.outsourcing-center.com). You may also call 214-451-3110 to schedule a personal briefing appointment.

#### **About Everest Research Institute**

**Everest Research Institute** ([www.everestresearchinstitute.com](http://www.everestresearchinstitute.com)) serves as a central source of independent and objective strategic intelligence, analysis, and actionable insight for leading corporations, service providers, and investors in the global outsourcing and offshoring marketplace. The Institute addresses both business process and information technology sourcing topics, providing the global outsourcing and offshoring community with information that empowers highly productive, sustainable sourcing strategies and relationships. The Institute's distinguished Board of Advisors, senior executives and thought leaders oversee the Institute's research agenda to ensure that it fully supports the business needs of corporations, service providers and investors.

Everest Research Institute members receive access to unparalleled analytical and advisory services, including access to Everest analysts, in-depth reports on major outsourcing and offshoring topics, white papers on market-shaping events, and webinars designed to provide insight and information about important market trends. The Institute's wealth of knowledge and experience provides members with unique perspectives into today's marketplace and the competitive edge required to take advantage of emerging opportunities.

Everest Research Institute is the research arm of the Everest Group ([www.everestgrp.com](http://www.everestgrp.com)), a global consulting firm that assists corporations in developing and implementing leading-edge sourcing strategies. Since 1991, Everest Group has served as the trusted business advisor for hundreds of IT and business process outsourcing transactions worldwide.

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