



Everest Q4 Report: Outsourcing Transactions by Financial Firms Drop 33 Percent, Captive Divestitures Rise Sharply

Report Focus Topic: Emerging Global Sourcing Destinations

Press release

DALLAS and GURGAON, February 11, 2009 – Large financial firms signed 33 percent fewer transactions and divested heavily in captives during the fourth quarter of 2008, according to the [Market Vista: Q4 2008](#) report on global outsourcing and offshoring activity by the [Everest Research Institute](#). Everest analysts will hold a one-hour [Webinar](#) on February 19, 8:30 a.m. CST, to present study findings and insights.

“The decrease in outsourcing transaction activity is primarily on account of deferred spending by large financial firms; however, we expect outsourcing and offshoring activity in the financial sector to pick up during 2009,” said [Eric Simonson](#), Managing Principal, [Everest Research Institute](#). “The fourth quarter also saw [Citigroup](#) and [Lehman Brothers](#) shed off captives. Reducing fixed costs and increasing flexibility through third-parties are key reasons for captive divestiture by financial firms.”

The Institute’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 Q4](#) report also includes a special section on emerging locations including Johannesburg, Ho Chi Minh, Istanbul, Bangkok, Guatemala City, San Salvador, Kiev and Cairo.

Other insights for the fourth quarter 2008 activity include:

- Overall outsourcing transactions decreased 6 percent compared to the previous quarter but was higher than the first and second quarters of 2008
- Total ACV increased by 11 percent from US\$3.2 billion in Q3 to US\$3.5 billion in Q4, primarily due to the signing of multiple large contracts. IT outsourcing contracts accounted for over US\$1.9 billion; contracts with ITO and BPO accounted for about US\$1 billion
- For the fourth consecutive quarter, Europe accounted for a significant portion of the outsourcing market. Despite a marginal increase in market share from 39 to 41 percent from Q3 to Q4, transaction signings decreased by 2 percent and ACV dropped 41 percent
- Captives activity was dominated by set-ups in India, China and other Southeast Asian countries: 22 new announcements occurred in Q4, compared to 22, 18 and 16 in first three quarters, respectively
- In Brazil, currency depreciation in the last few months has resulted in a 12 percent reduction in operating costs, restoring labor arbitrage opportunity to 2007 levels
- Destinations in Africa are pursuing offshoring investment, including the South African government and industry bodies that are taking initiatives to improve

Media contacts

The Point Group – America & Europe

Scott Tims

Office: +1-214-378-7970 x278

Mobile: +1-214-957-6785

stims@thepointgroup.com

Martha Cook

Office: +1-214-378-7970 x240

mcook@thepointgroup.com

R&PM: Edelman – Asia

Puneet Khunger

Office: +91-11-2332-0116

Mobile: +91-98101-91409

puneet.khunger@edelman.com

Priyangshu Dutta

Office: +91-11-2332-0116

Mobile: +91-97175-77878

priyangshu.dutta@edelman.com

infrastructure, provide fiscal incentives and lower operational costs

- Reversing the trend from the previous quarter, aggregate US\$ revenues across the group of suppliers declined by 2.5 percent. Revenues of traditional global suppliers declined by 3.2 percent, while those of offshore-centric suppliers increased by 3.5 percent

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

The 45-minute [Webinar](#), followed by 15 minutes of questions and answers with participants, will take place on February 19 at 8:30 am CST; 9:30 am EST; 2:30 pm GMT Standard Time. To register, please visit:

www.everestresearchinstitute.com/Events/Webinars.

[Market Vista](#) is a subscription service with four reports published per year. Additionally, Everest also offers [Market Vista: 2008 Year in Review](#).

For information about the [Market Vista: Q4 2008](#) report or other research services, please visit <http://www.everestresearchinstitute.com>, e-mail info@everestresearchinstitute.com or call +1-214-451-3110.

About Everest Research Institute

[Everest Research Institute](#) serves as a central source of independent and objective strategic intelligence, analysis, and actionable insight for leading corporations, suppliers, technology 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 wealth of knowledge and experience provides 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), a global consulting firm with offices in such leading business centers as Dallas, New York, Toronto, London, Amsterdam, New Delhi, Melbourne, and Sydney. Everest Group has earned a worldwide reputation for ongoing innovation as it helps clients achieve maximum value from their operations including sourcing strategy and implementation.

Please visit www.everestresearchinstitute.com for more information.