



Global IT-BPO outsourcing deals analysis

**Annual analysis
for 2017**

About global IT-BPO outsourcing deals analysis

KPMG's Shared Services and Outsourcing Advisory (SSOA) practice publishes a quarterly analysis on Information Technology and Business Process Outsourcing (IT-BPO) contracts signed across industries and geographies, with a Total Contract Value (TCV) of USD5 million and above per deal.



Methodology and limitations of the study:

The analysis and findings presented in this report are based on select third party deals database including, publicly available outsourcing data as identified throughout this presentation. It does not include contract information gathered from KPMG Sourcing Advisory business engagements.

The count and value of the deals may vary notably in reality and is only indicative of market movements and trends in the IT-BPO space. Readers are requested to use their discretion while assessing the global IT-BPO market accordingly.

For more information on this market research, please get in touch with Kartik Ramakrishnan (kartikramakrishnan@kpmg.com).

Foreword

The SSOA practice is pleased to bring to you the year-end 2017 edition of the KPMG Global IT-BPO Outsourcing Deals Analysis.

The current edition looks at IT-BPO outsourcing contracts signed in the last three years, from 2015 to 2017, and identifies the major trends influencing the market, across geographies. This report also includes the regular analysis feature for the latest quarter Q4-2017 (October – December).

In 2017, the number of deals signed globally in the IT-BPO space were 1,114 with a total contract value (TCV) of USD262 billion. Of the three years (2015 - 17) analyzed in this report, the year 2017 is the strongest year for outsourcing.

With a shift in focus on cost cutting to value addition, client and service providers are laying importance on value-added services and innovation.

Hope you will find this market trends study on the IT-BPO deals useful. Happy reading!

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Section 1

Global deals: An overview



A summary

In 2017, **727 ITO contracts** worth **USD137.2 billion** and **167 BPO contracts** worth **USD30.6 billion** were signed, worldwide

Globally **220 IT-BPO** bundled deals were signed in 2017 with aggregate contract value worth **USD94.2 billion**

In terms of value, approximately **84.2 percent** of deals originated from the **United States**, followed by the **United Kingdom** at **5.2 percent**. Spain and Australia were two other key outsourcing markets

The **average deal tenure** increased to **5 years 1 month in 2017** from 4 years 7 months in 2016

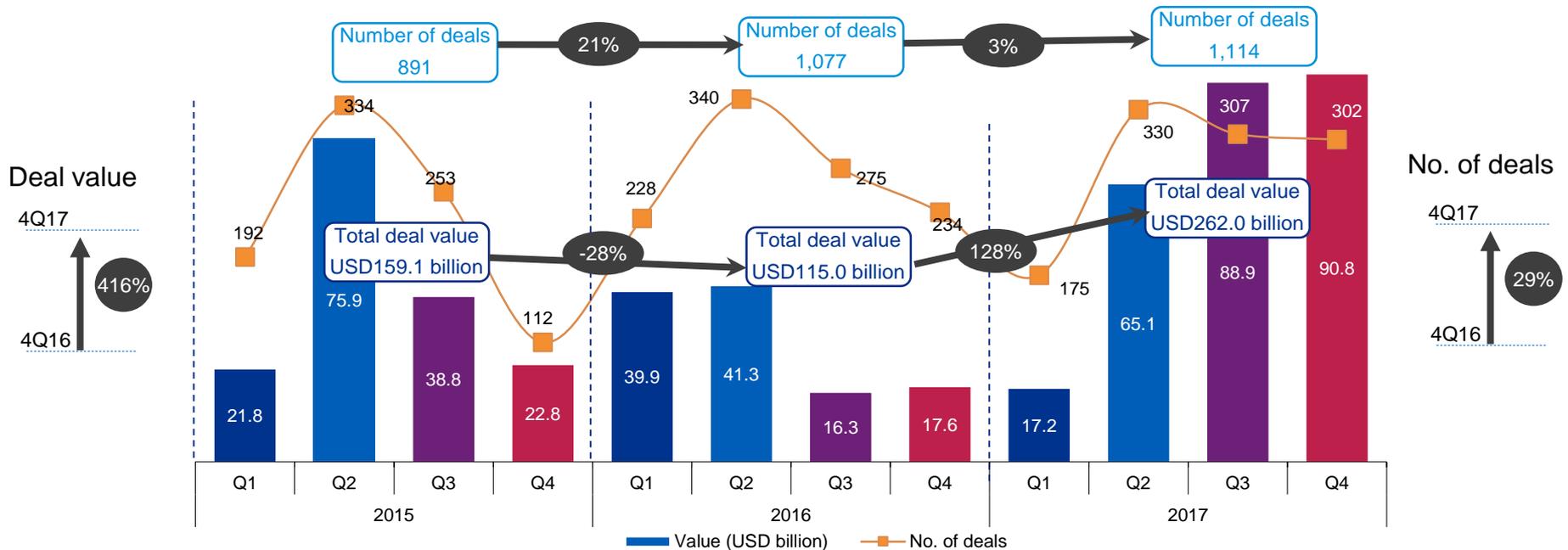
Defense and Government sectors were the top consumers of IT-BPO services contributing to **39 percent** and **29 percent** in terms of value of outsourcing deals signed in 2017. **Insurance** sector was the next big contributor in terms of deal value

IT Bundled Services and **SCM** contributed approximately **USD88.4 billion** and **USD16.3 billion** respectively and were the largest procured services globally within ITO and BPO services, respectively

Average annualized contract value in 2017 was **USD32.6 million** as compared to **USD21.3 million** in 2016 showing an increase of **53 percent** between the two years.

Snapshot Quarterly deal movements

Quarterly movements of global IT-BPO deals*

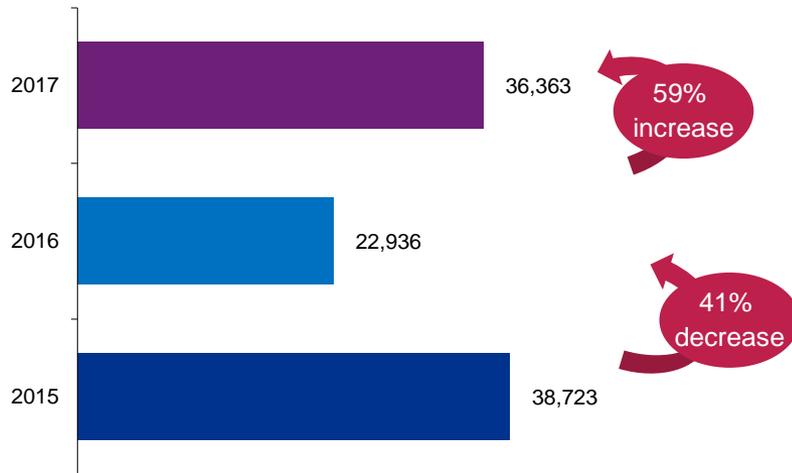


*The term deals is interchangeably used with contracts throughout the analysis unless otherwise specified. Deals analyzed are global sourcing contracts of size USD5 million and above only. Source: IDC (www.idc.com), Contract Database, January 2018, KPMG member firms research and analysis based on the IDC contract database

- 2017 witnessed an increase in deal activity as compared to 2016. There was an increase of 128 percent in total deal value and a 3 percent increase in total number of deals in 2017 as compared to 2016
- Deal activity in 4Q17 was almost similar to 3Q17, with a 2 percent increase in deal value
- The average contract value also increased by 4 percent in 4Q17 as compared to 3Q17

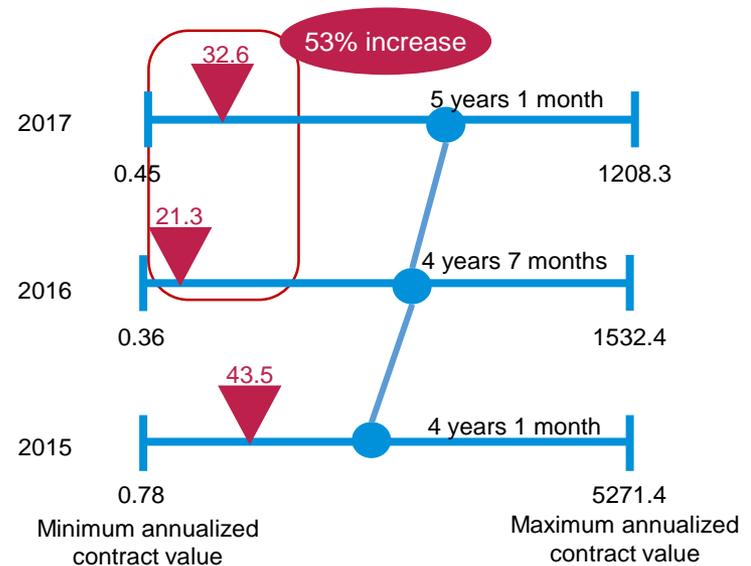
Y-o-Y comparison Annualized Contract Value (ACV)

Annualized* contract value comparison 2015-17



■ 2015 ■ 2016 ■ 2017

* Annualized contract value = (Total value of a contract / Tenure in months) x 12
 Contract value for contracts having tenure less than 1 year is considered as annualized value for the analysis. Graph is not to scale and only represents the division across different parameters
 Source: IDC (www.idc.com), Contract Database, January 2018, KPMG member firms research and analysis based on the IDC contract database



Note: All values in USD million unless otherwise specified

- ▼ Average annualized contract value (USD million)
- Average tenure per contract

- Total annualized contract value in 2017 increased by 59 percent as compared to 2016. The average annualized contract value also increased by 53 percent during the same period
- The average contract tenure increased by 4 months to 5 years 1 month in 2017 as compared to 2016

Y-o-Y comparison Deals analysis by sector

Trends in deal movement from 2014 to 2017

Sector	Total Contract Value			Total Number of Contracts			Average Contract Value		
	2014->2015	2015->2016	2016->2017	2014->2015	2015->2016	2016->2017	2014->2015	2015->2016	2016->2017
Automotive & Aerospace	Increase <25%	Decrease >=25%	Decrease >=25%	Increase <25%	Decrease <25%	Decrease >=25%	Increase <25%	Decrease >=25%	Decrease >=25%
Banking & Financial Services	Decrease <25%	Decrease >=25%	Decrease <25%	Decrease >=25%	Increase <25%	Decrease >=25%	Increase <25%	Decrease >=25%	Increase <25%
Defense	Increase <25%	Decrease >=25%	Increase <25%	Increase <25%	Decrease >=25%	Increase <25%	Increase <25%	Decrease >=25%	Increase <25%
Energy & Utilities	Decrease >=25%	Decrease >=25%	Decrease >=25%	Decrease <25%	Decrease <25%	Decrease >=25%	Decrease >=25%	Decrease >=25%	Decrease >=25%
Government	Decrease >=25%	Increase <25%	Increase <25%	Decrease >=25%	Increase <25%	Decrease <25%	Decrease <25%	Increase <25%	Increase <25%
Insurance	Increase <25%	Decrease >=25%	Increase <25%	Increase <25%	Increase <25%	Decrease <25%	Increase <25%	Decrease >=25%	Increase <25%
Manufacturing	Increase <25%	Decrease >=25%	Increase <25%	Decrease >=25%	Increase <25%	Decrease <25%	Increase <25%	Decrease >=25%	Increase <25%
Pharma & Healthcare	Decrease <25%	Decrease <25%	Decrease >=25%	Decrease >=25%	Increase <25%	Decrease >=25%	Increase <25%	Decrease >=25%	Decrease >=25%
Publishing, Media & Entertainment	Decrease >=25%	Increase <25%	Decrease <25%	Decrease <25%	Decrease <25%	Increase <25%	Decrease >=25%	Increase <25%	Decrease >=25%
Retail	Increase <25%	Decrease >=25%	Decrease <25%	No change	Increase <25%	Decrease >=25%	Increase <25%	Decrease >=25%	Increase <25%
Telecom	Decrease <25%	Decrease >=25%	Decrease >=25%	Decrease <25%	Decrease <25%	Decrease >=25%	Increase <25%	Decrease <25%	Increase <25%
Travel & Logistics	Decrease <25%	Decrease >=25%	Increase <25%	Decrease <25%	Increase <25%	Decrease <25%	Increase <25%	Decrease >=25%	Increase <25%
Others*	Increase <25%	Decrease >=25%	Increase <25%	Increase <25%	Increase <25%	Decrease >=25%	Increase <25%	Decrease >=25%	Increase <25%

*Others: Construction, Consumer and Recreational Services, Education, Professional services, Securities and investment services, Social services, Trade unions, Technology, Wholesale
Source: IDC (www.idc.com), Contract Database, January 2018, KPMG member firms research and analysis based on the IDC contract database

Decrease >=25% Decrease <25% No change Increase <25% Increase >=25%

- In 2017, Defense, Insurance, Manufacturing and Travel and Logistics sector have shown an increase in total contract value of more than 25 percent as compared to 2016. Most other sectors have had a decrease of more than 25 percent in total contract value during the same period
- Defense and Publishing, Media and Entertainment have shown an increase of more than 25 percent in total number of contracts in 2017. All other sectors have decreased in the number of contracts signed in the year as compared to 2016

Y-o-Y comparison Deals analysis by category

Trends in deal movement from 2014 to 2017

Deal Type	Total Contract Value			Total Number of Contracts			Average Contract Value		
	2014->2015	2015->2016	2016->2017	2014->2015	2015->2016	2016->2017	2014->2015	2015->2016	2016->2017
ITO	Green	Orange	Green	Orange	Green	Orange	Green	Red	Green
BPO	Red	Red	Green	Red	Red	Green	Light Green	Orange	Green
Bundled	Orange	Red	Green	Orange	Orange	Green	Orange	Red	Green
Less than USD100 mn	Orange	Light Green	Light Green	Orange	Green	Orange	Light Green	Orange	Light Green
Between USD100- 500 mn	Orange	Orange	Green	Orange	Orange	Orange	Light Green	Orange	Green
More than USD500 mn	Green	Red	Green	Orange	Green	Green	Green	Red	Green
Less than 1 year	Orange	Red	Orange	Red	Red	Light Green	Light Green	Light Green	Orange
Between 1 to 5 years	Light Green	Red	Light Green	Orange	Green	Orange	Green	Red	Light Green
More than 5 years	Green	Orange	Green	Red	Green	Light Green	Green	Red	Green

Source: IDC (www.idc.com), Contract Database, January 2018, KPMG member firms research and analysis based on the IDC contract database

■ Decrease >=25%
 ■ Decrease <25%
 ■ No change
 ■ Increase <25%
 ■ Increase >=25%

- Both BPO deals and Bundled deals have experienced continuous increase over the last two years in terms of both, numbers and total contact value
- Whilst ITO deals showed a modest decrease in total number of deals, the total contract value has increased in 2017 over 2016, thus increasing the average contract value over the period
- While the total contract value and number of contracts have increased for deals with tenure over 5 years, the total contract value for less than 1 year deals and number of contracts for deals with a tenure of between one to five years have decreased

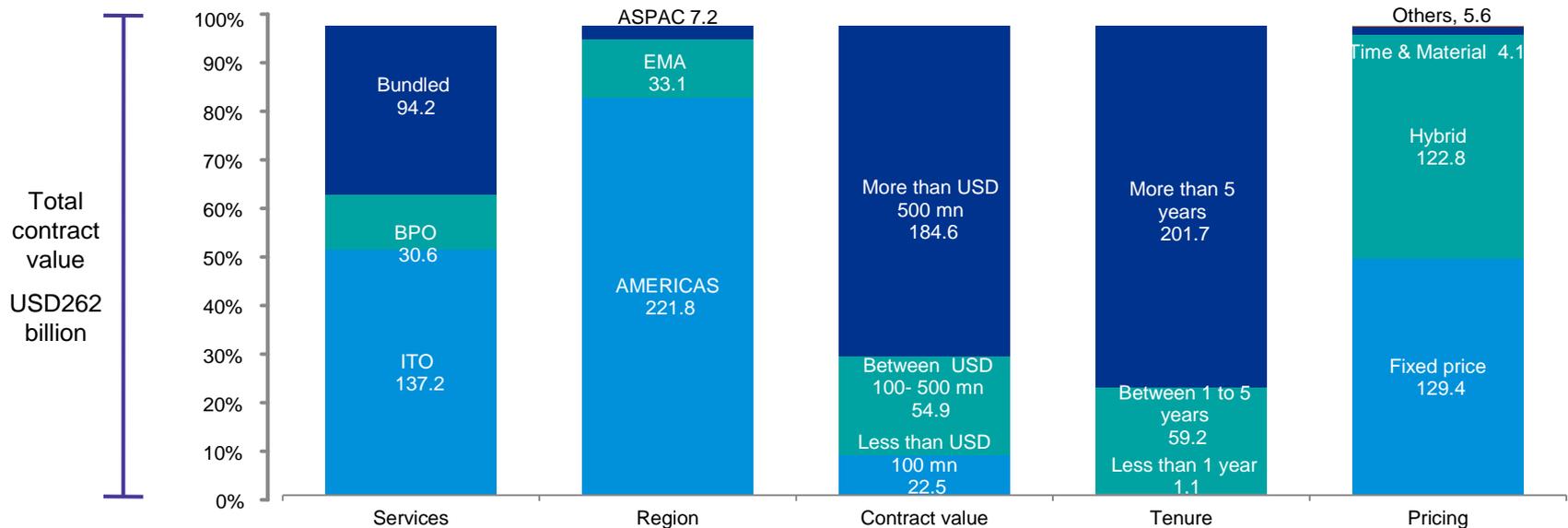
Section 2

Deals analysis: 2017



Deal value

IT-BPO deals* signed in 2017 (Total contract value: USD262 billion)



* Deals analyzed are USD5 million and above only, throughout the analysis. Graph is not to scale and only represents the division across different parameters. Figures may not add up to 100 percent due to rounding off

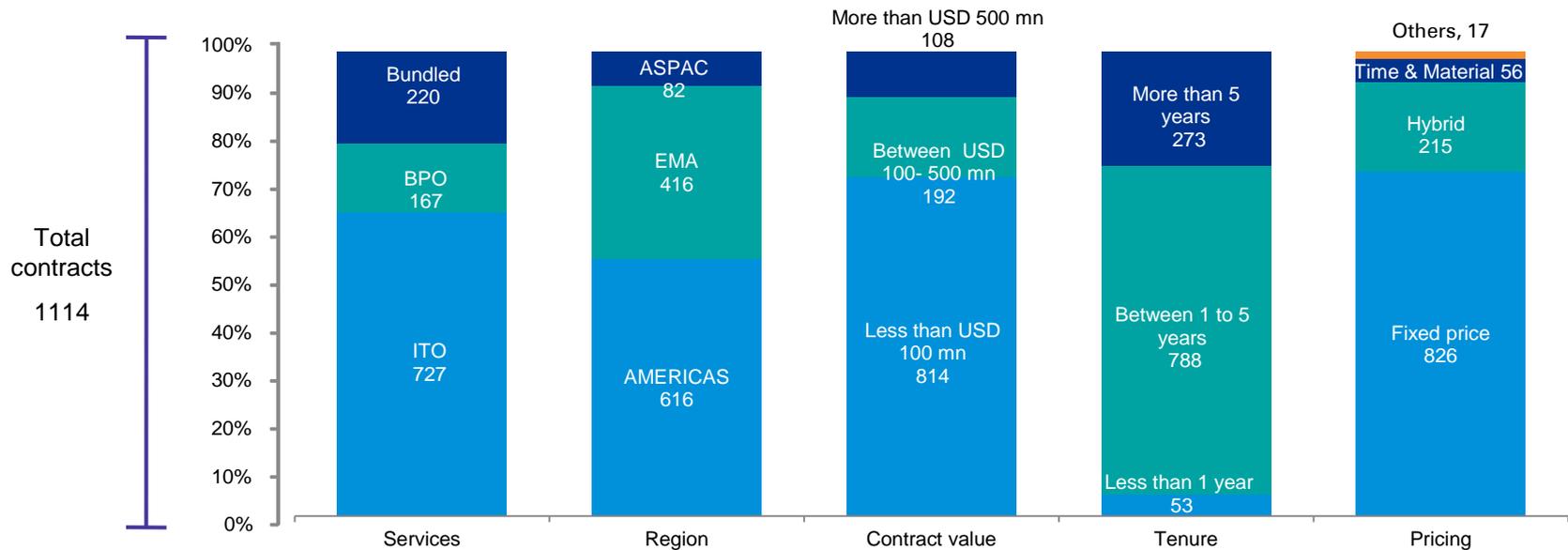
Hybrid pricing includes a combination of various pricing mechanisms

Source: IDC (www.idc.com), Contract Database, January 2018, KPMG member firms research and analysis based on the IDC contract database

- ITO deals continue to dominate the outsourcing space with a contribution of 52 percent to the total deal value signed in 2017
- AMERICAS continue to be the major outsourcing region contributing 85 percent of the total deal value signed in 2017. EMA and ASPAC contribute 13 percent and 3 percent respectively
- Fixed price and hybrid price contracting models showed dominance, contributing over 49 percent and 46 percent of the total deal value in 2017, followed by Time and Material model with contribution of 2 percent of total deal value

Number of deals

IT-BPO deals* signed in 2017 (Total number of contracts: 1114)



* Deals analyzed are USD5 million and above only, throughout the analysis. Graph is not to scale and only represents the division across different parameters. Figures may not add up to 100 percent due to rounding off

Hybrid pricing includes a combination of various pricing mechanisms

Source: IDC (www.idc.com), Contract Database, January 2018, KPMG member firms research and analysis based on the IDC contract database

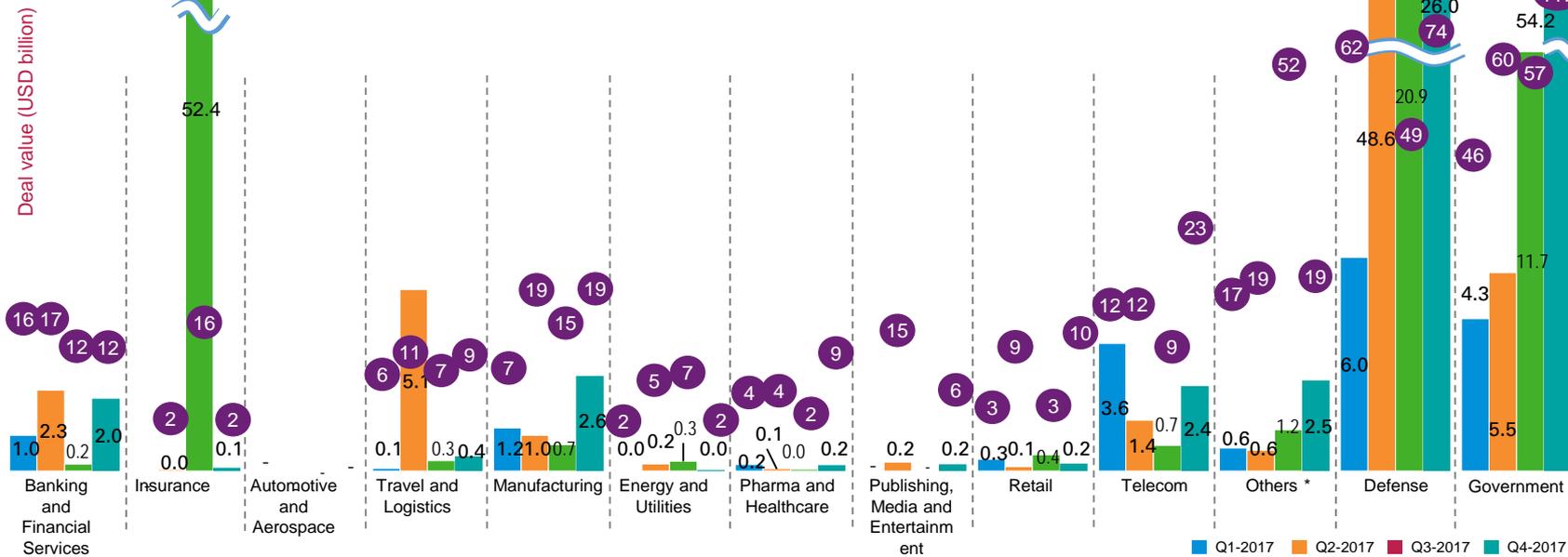
- ITO deals and BPO deals contribute to 65 percent and 15 percent respectively in terms of number of deals signed in 2017
- Clients preferred mid tenure deals that cover the span of one to five years, which contributed to 71 percent of the total number of deals signed in 2017
- 73 percent of the deals, in terms of number of deals signed in 2017, were of value less than USD100 million. 10 percent of total number deals signed in the year were of value more than USD500 million

IT-BPO deals across sectors by value and numbers

Sector analysis

Sector-wise break-up of deals in 2017

TCV : USD262 billion
No. of contracts: 1114



* Others: Construction, Consumer and Recreational Services, Education, Professional services, Securities and investment services, Social services, Trade unions, Technology, Wholesale

Graph is not to scale and only represents the division across different parameters. Figures may not add up to 100 percent due to rounding off

Source: IDC (www.idc.com), Contract Database, January 2018, KPMG member firms research and analysis based on the IDC contract database

● No. of contracts

- The Defense and Government sector lead deal activity, contributing to 39 percent and 29 percent in terms of value of outsourcing deals signed in 2017
- Insurance sector is the next big contributor in terms of deal value, with a contribution of 20 percent to the total deal value of deals signed in 2017

A close-up photograph of two business professionals, a man and a woman, sitting at a conference table. The man on the left is wearing a dark suit jacket over a light blue shirt and is writing on a document with a silver pen. The woman on the right is wearing a dark blazer over a white shirt and is also holding a silver pen, looking towards the man. The table is cluttered with papers, a keyboard, and a smartphone. The background is a blurred office environment with windows. Overlaid on the left side of the image is the text 'Section 3 Deals by geography' in a white, sans-serif font.

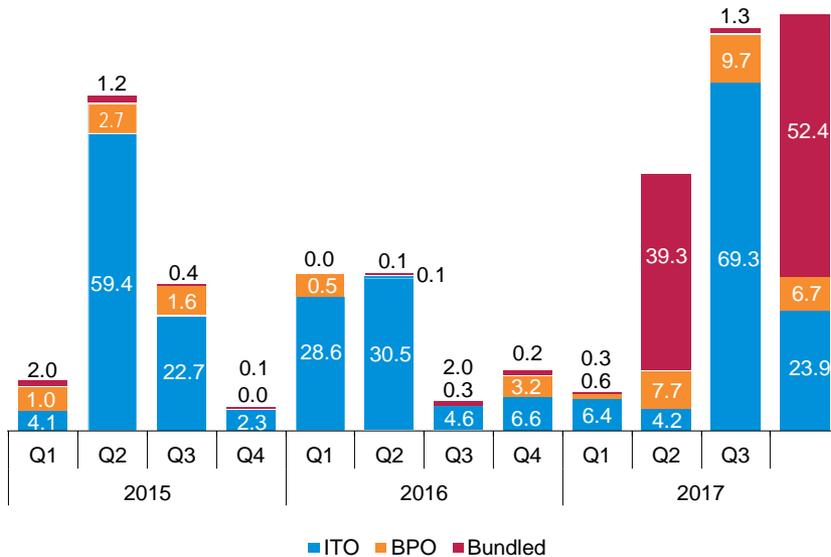
Section 3 Deals by geography

AMERICAS

Geography analysis

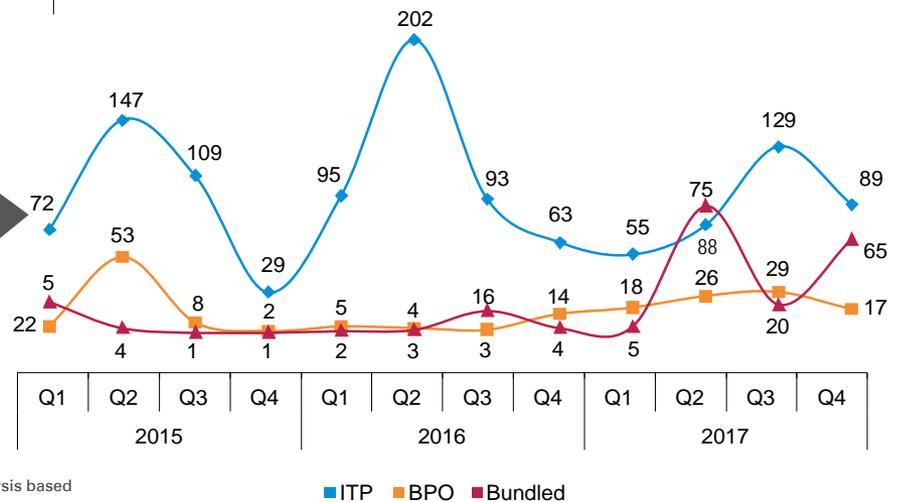
- IT-BPO deals in AMERICAS: Value and number of deals

Geography-wise break-up of deals*



- Total deal value of AMERICAS has increased by 189 percent in 2017 as compared to 2016
- While quarter 1Q17 was weak, the rest of the quarters were strong, which increased the total deal value generated from the region
- IT outsourcing made 47 percent of the total contract value of 2017 while Bundled contributed 42 percent

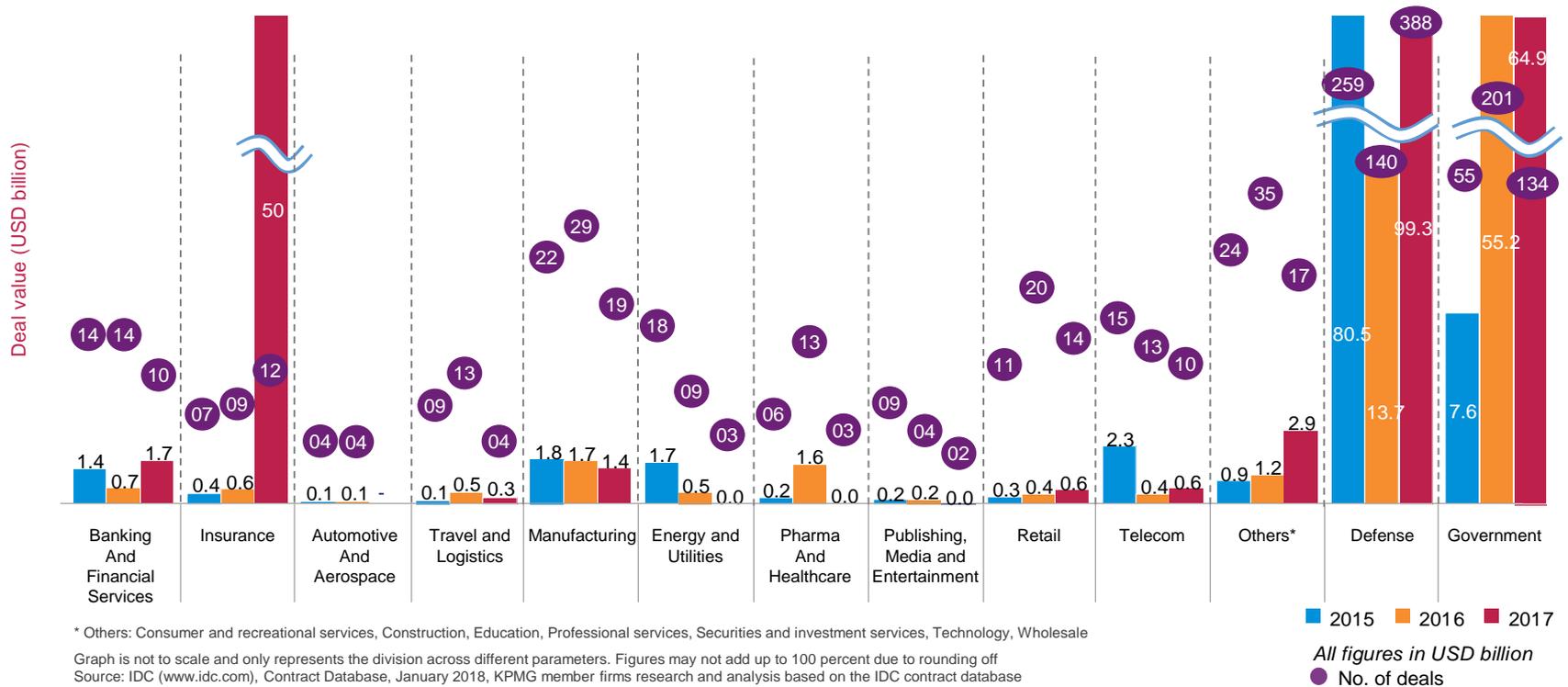
- In terms of volume of deals signed, 2017 displayed similar quarterly movement as previous years
- 2017 had the largest number of Bundled deals signed in the last three years



* Deals originating from the geography
 Source: IDC (www.idc.com), Contract Database, January 2018, KPMG member firms research and analysis based on the IDC contract database

Geography analysis - IT-BPO deals in AMERICAS

Sector-wise break-up of deals*

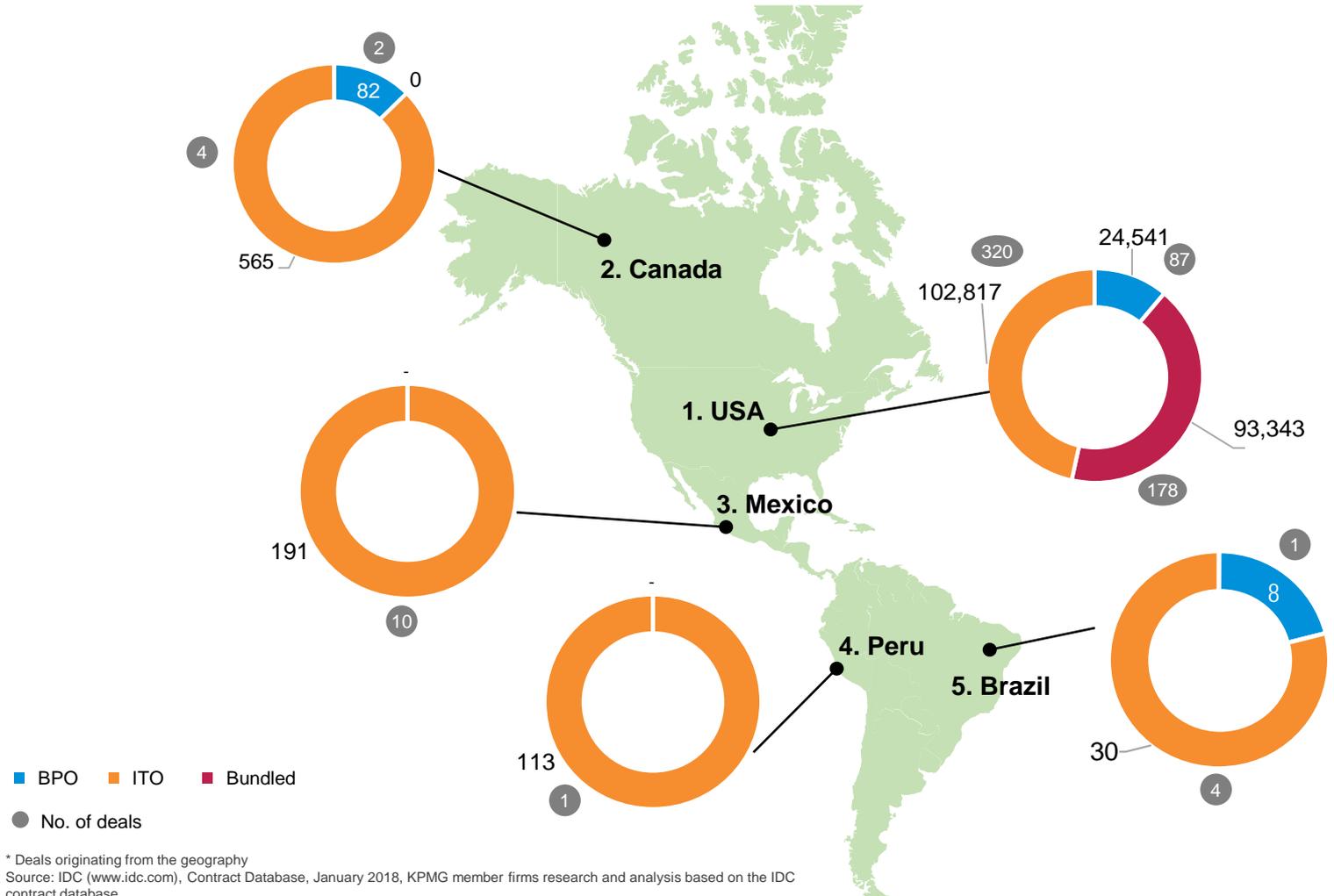


- Government and Defense sectors of AMERICAS remain the strongest users of outsourcing in past three years with total contribution of 81 percent to deal value
- Insurance sector displayed multifold increase in the deal value in 2017 over 2016. Defense and Government sectors also displayed increase in the deal value in 2017 over 2016

Geography analysis

- IT-BPO deals country comparison: AMERICAS

Top five countries by TCV (USD million) in 2017



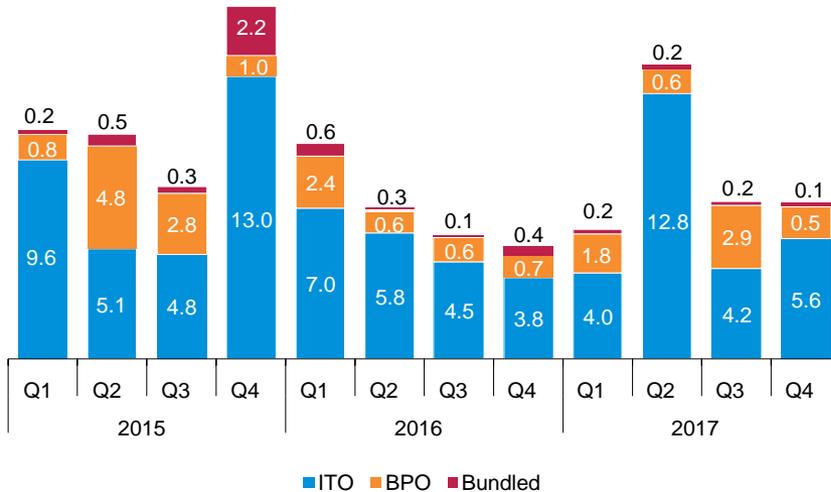
* Deals originating from the geography
 Source: IDC (www.idc.com), Contract Database, January 2018, KPMG member firms research and analysis based on the IDC contract database

EMA

Geography analysis

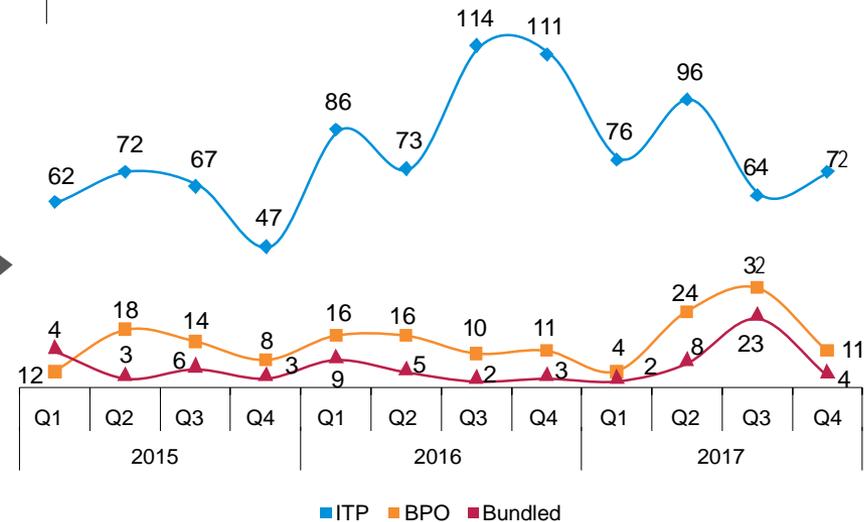
- IT-BPO deals in EMA: Value and number of deals

Geography-wise break-up of deals*



- Total deal value of EMA has increased by 23 percent in 2017 as compared to 2016
- After a strong 4Q15, TCv in EMA decreased till the beginning of 2017
- ITO contributed 80 percent, BPO – 17 percent, and Bundled – 2 percent of the total contract value in 2017

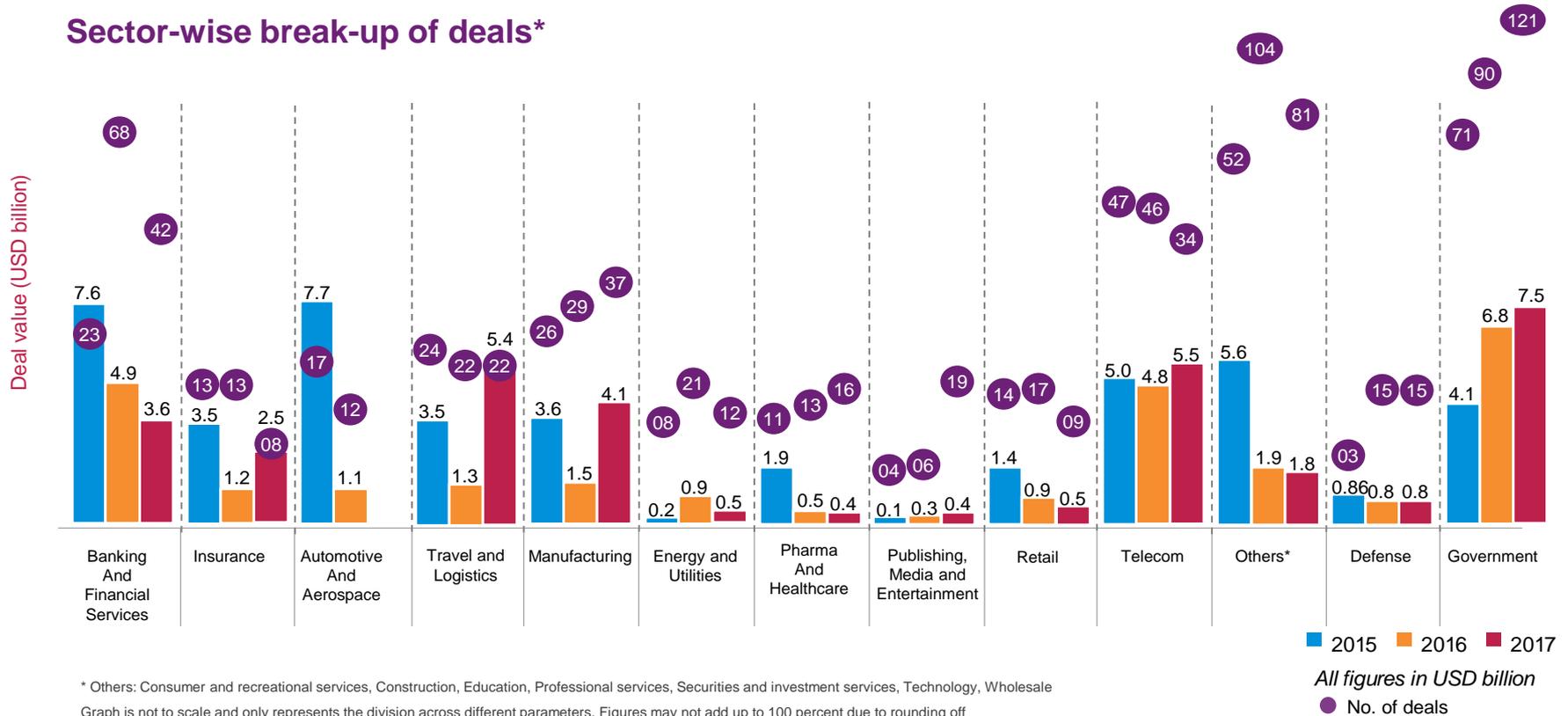
- In EMA, though 2017 showcases lower number of deals signed, it had greater TCv as compared to 2016
- Also, in 2017, 2Q17 had the largest number of deals signed and the total deal value was amongst the highest, in the last three years



* Deals originating from the geography
Source: IDC (www.idc.com), Contract Database, January 2018, KPMG member firms research and analysis based on the IDC contract database

Geography analysis - IT-BPO deals in EMA

Sector-wise break-up of deals*

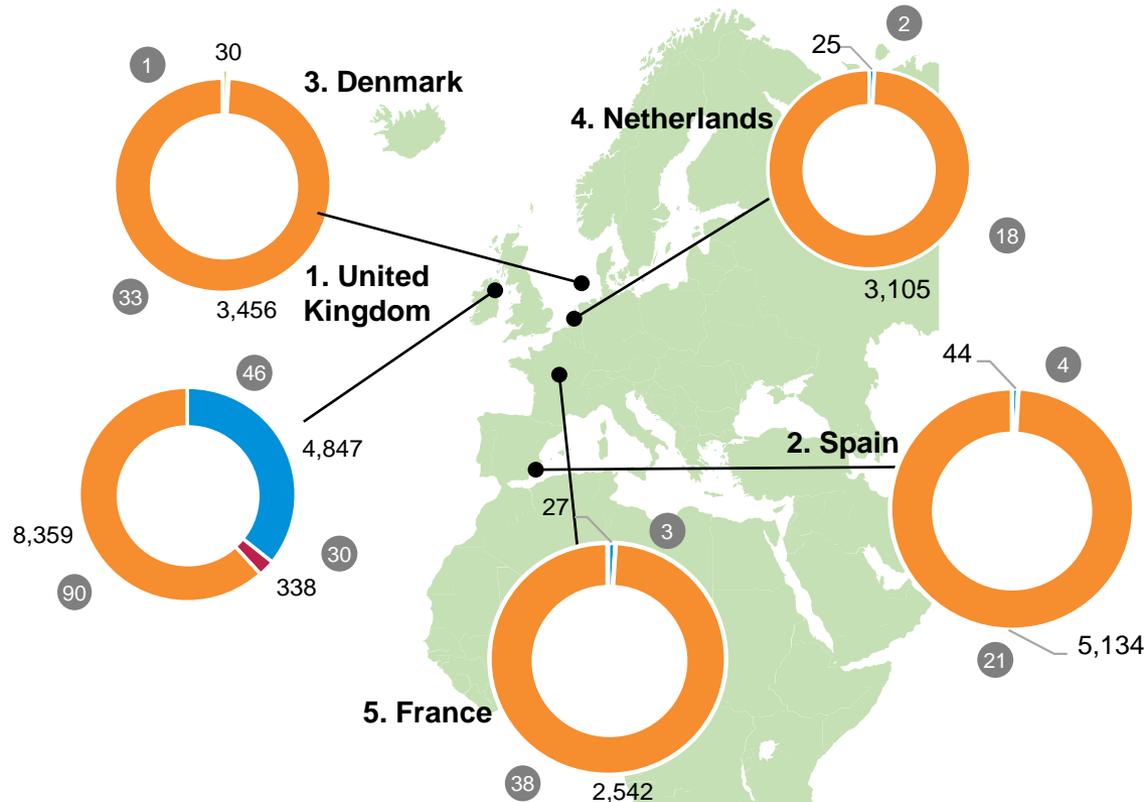


- Government, Telecom and Banking sectors continue to be the dominant consumers of IT-BPO services in the EMA region, with total contribution of 48 percent to the total deal value in 2017
- Automotive and Aerospace sector displayed a significant decrease of 100 percent in total deal value in 2017 over 2016

Geography analysis

- IT-BPO deals country comparison: EMA

Top five countries by TCV (USD million) in 2017



■ BPO ■ ITO ■ Bundled

● No. of deals

* Deals originating from the geography
 Source: IDC (www.idc.com), Contract Database, January 2018, KPMG member firms research and analysis based on the IDC contract database

ASPAC

Geography analysis

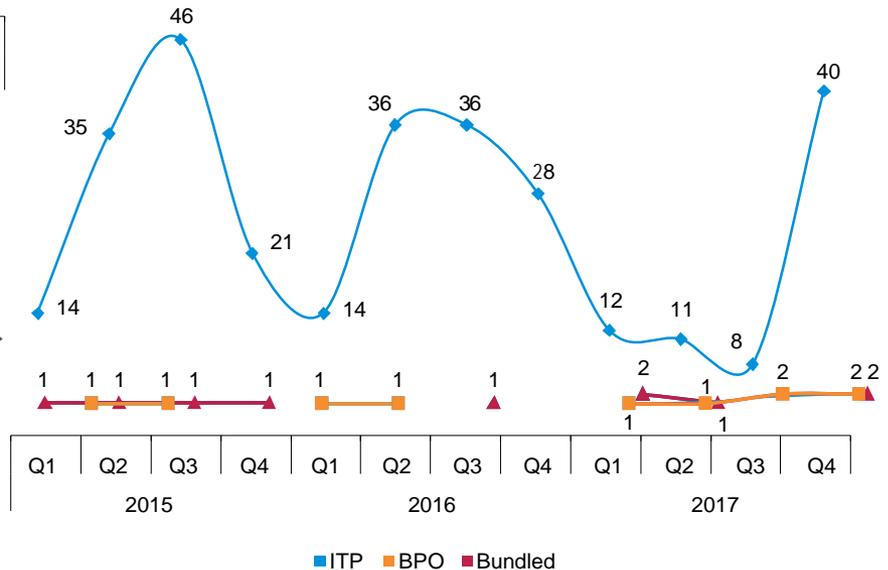
- IT-BPO deals in ASPAC: Value and number of deals

Geography-wise break-up of deals*



- Total deal value of ASPAC has decreased by 37 percent in 2017 as compared to 2016
- The outsourcing market in ASPAC contributes only 3 percent of the IT-BPO deals in 2017

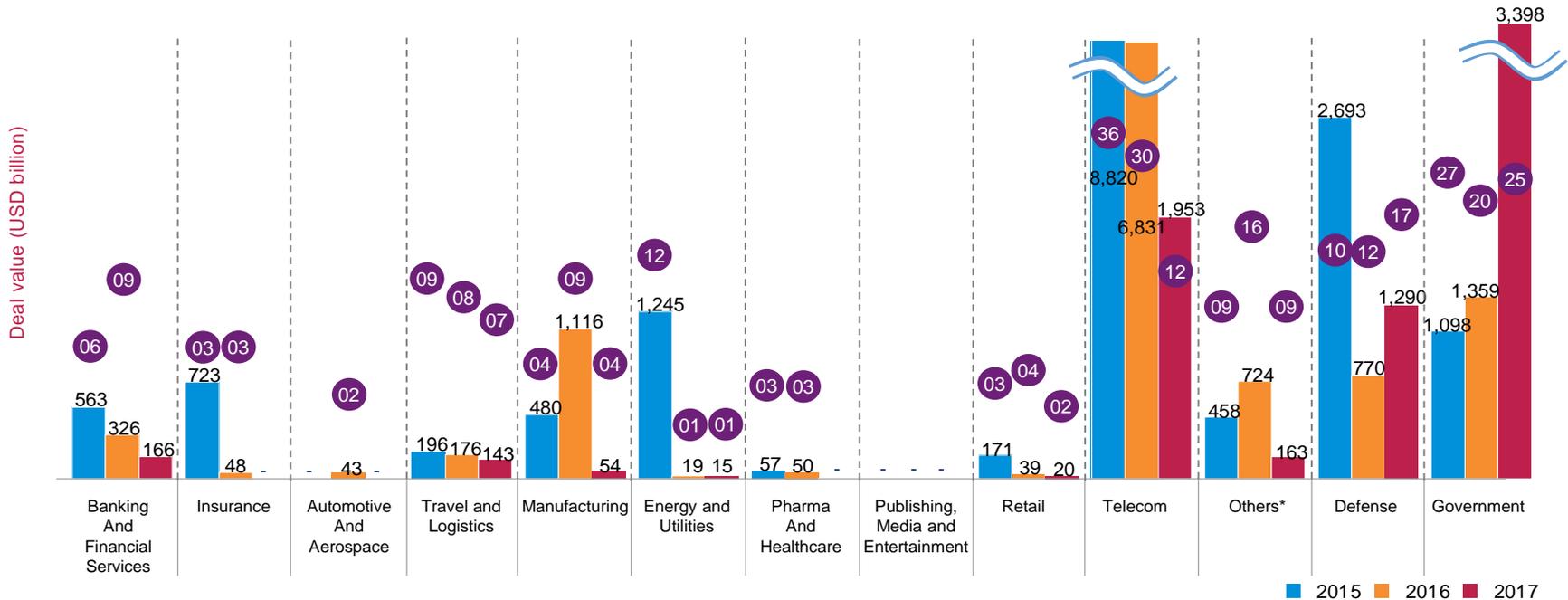
- 87 percent of the deals signed by volume in the ASPAC region in the year 2017 are ITO deals
- Both the BPO market and the bundled deals market have been stagnant in terms of number of deals signed in ASPAC



* Deals originating from the geography
 Source: IDC (www.idc.com), Contract Database, January 2018, KPMG member firms research and analysis based on the IDC contract database

Geography analysis - IT-BPO deals in ASPAC

Sector-wise break-up of deals*



* Others: Consumer and recreational services, Construction, Education, Professional services, Securities and investment services, Technology, Wholesale

Graph is not to scale and only represents the division across different parameters. Figures may not add up to 100 percent due to rounding off
Source: IDC (www.idc.com), Contract Database, January 2018, KPMG member firms research and analysis based on the IDC contract database

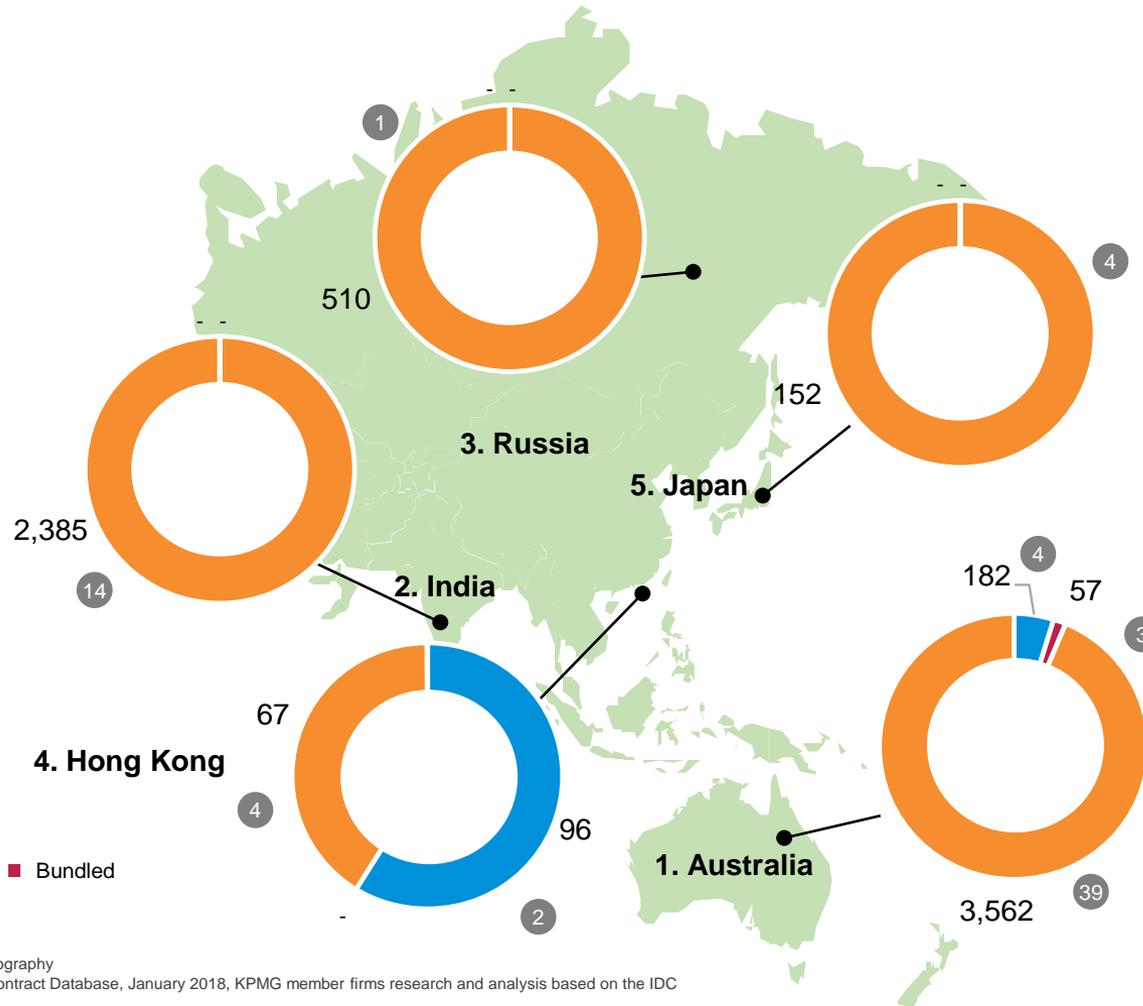
■ 2015 ■ 2016 ■ 2017
● No. of deals
All figures in USD billion

- Telecom was the top outsourcing sector in the ASPAC region for 2017 as well, with contribution of 50 percent of the TCv. Government and Defense sectors were other major outsourcing sectors contributing 17 percent and 14 percent of total deal value in 2017
- While the Government and Defense sectors grew by 150 and 68 percent in terms of TCv in 2017, Insurance, Pharma and Healthcare and Manufacturing all declined by over 95 percent

Geography analysis

- IT-BPO deals country comparison: ASPAC

Top five countries by TCV (USD million) in 2017



* Deals originating from the geography
 Source: IDC (www.idc.com), Contract Database, January 2018, KPMG member firms research and analysis based on the IDC contract database

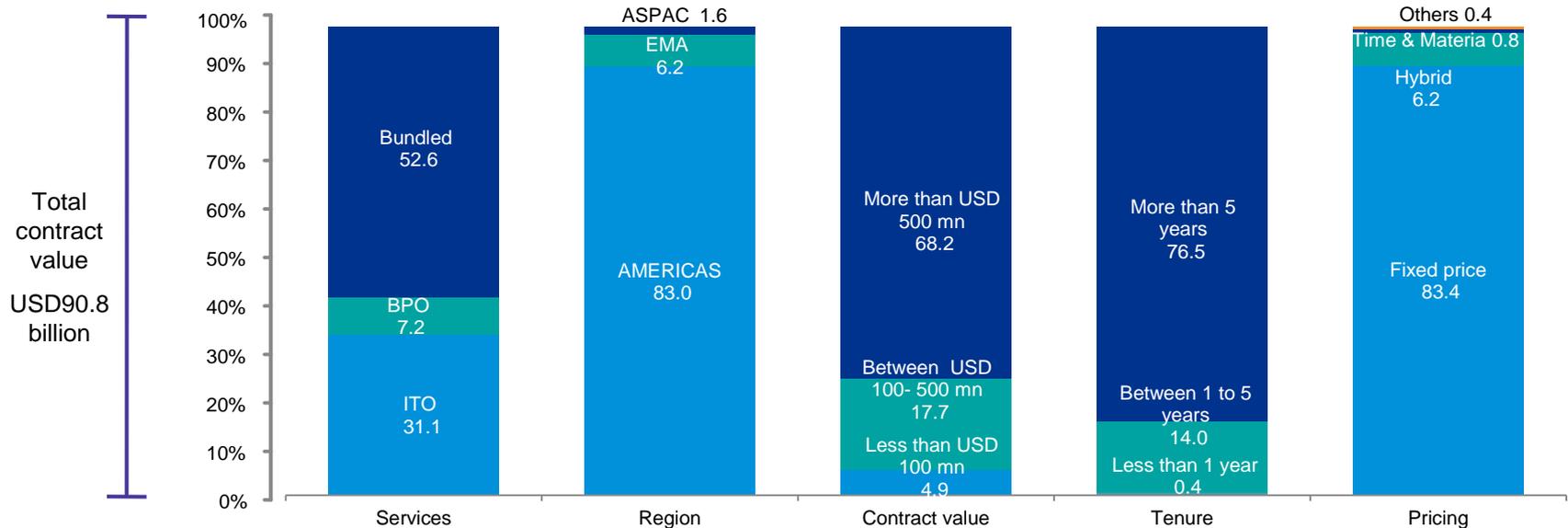
Section 4

4Q17 deal analysis



Deal value

IT-BPO deals* signed in 4Q17 (Total contract value: USD90.8 billion)



* Deals analyzed are USD5 million and above only, throughout the analysis. Graph is not to scale and only represents the division across different parameters. Figures may not add up to 100 percent due to rounding off

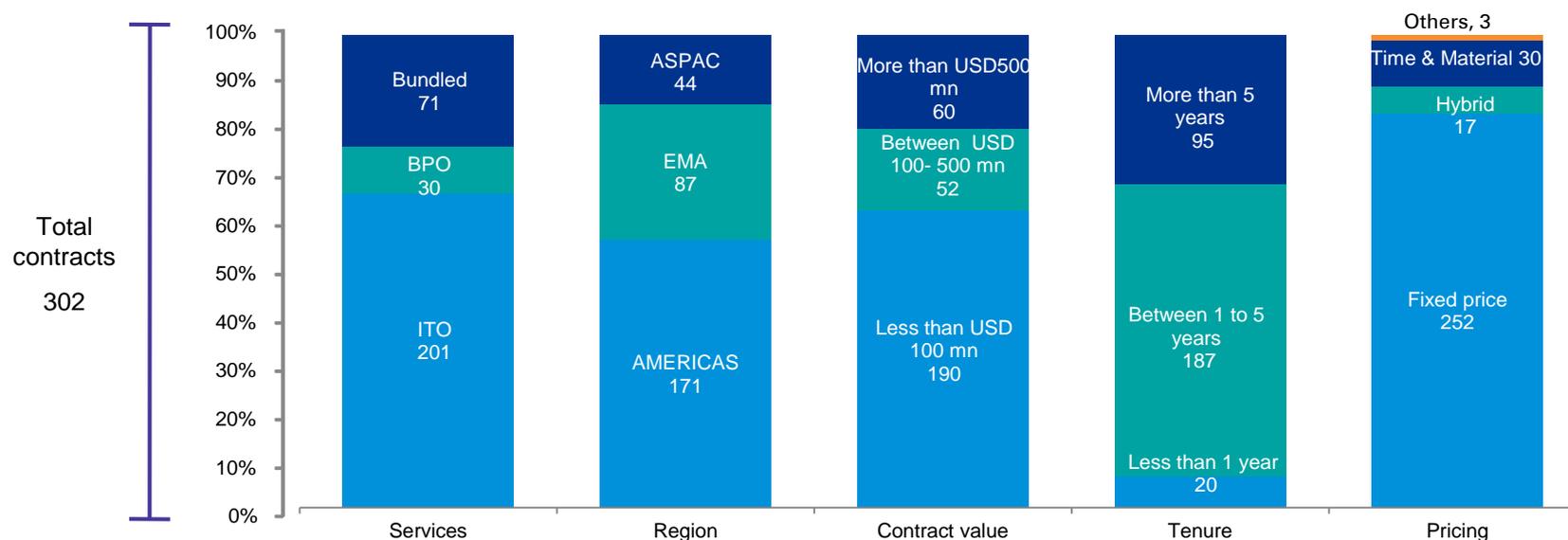
Hybrid pricing includes a combination of various pricing mechanisms

Source: IDC (www.idc.com), Contract Database, January 2018, KPMG member firms research and analysis based on the IDC contract database

- Bundled deals dominated the outsourcing space with a contribution of 58 percent to the total deal value signed in 4Q17
- AMERICAS continue to be the major outsourcing region contributing 91 percent of the total deal value signed in 4Q17. EMA and ASPAC contribute 7 percent and 2 percent respectively
- Long tenure deals of length more than 5 years contributed to 84 percent of the total deal value, followed by mid tenure deals between 1 to 5 years, which contributed 15 percent to total deal value of deals signed in 4Q17

Number of deals

IT-BPO deals* signed in 4Q17 (Total number of contracts: 302)



* Deals analyzed are USD5 million and above only, throughout the analysis. Graph is not to scale and only represents the division across different parameters. Figures may not add up to 100 percent due to rounding off

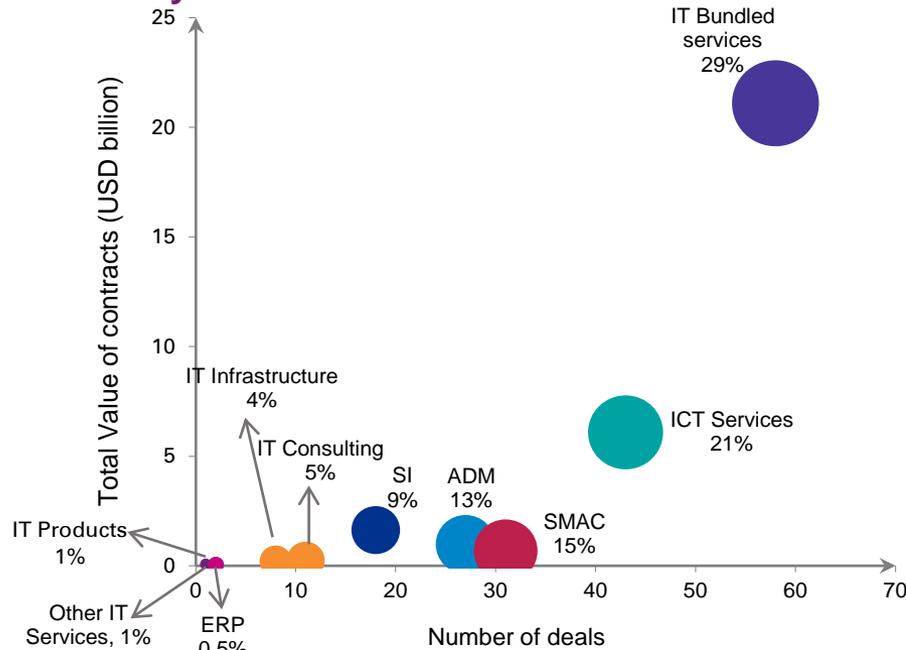
Hybrid pricing includes a combination of various pricing mechanisms

Source: IDC (www.idc.com), Contract Database, January 2018, KPMG member firms research and analysis based on the IDC contract database

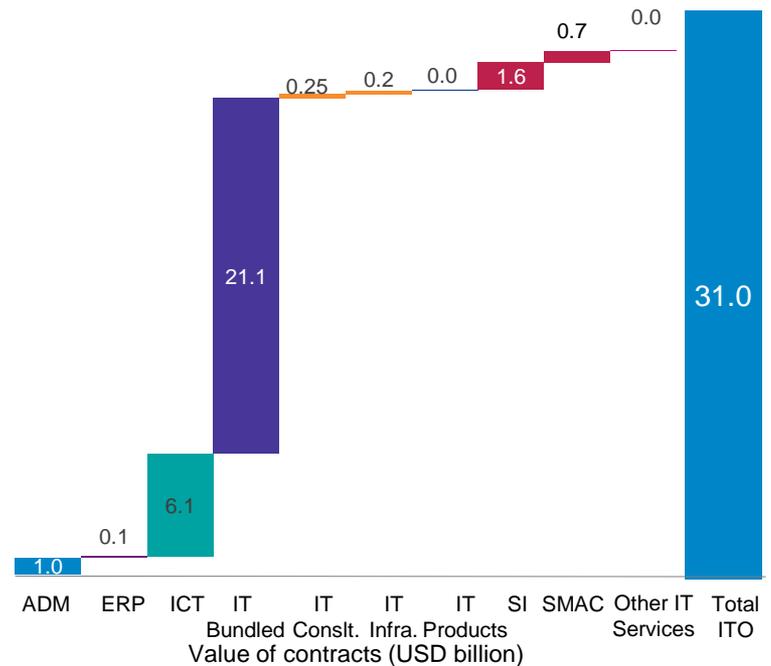
- ITO deals and BPO deals contribute to 67 percent and 10 percent respectively in terms of number of deals signed in 4Q17
- 63 percent of the deals, in terms of number of deals signed in 4Q17, were of value less than USD100 million. Twenty percent of the deals signed in 4Q17, were of value more than USD500 million
- Fixed price contracting model showed dominance, contributing over 83 percent of the total number of deals signed in 4Q17. Hybrid model and Time and material model contributed 6 and 10 percent to the total number of deals signed in 4Q17

Services segmentation

Analysis of ITO deals 4Q17



Note: Size of bubble indicates percentage share of the total number of ITO deals
 SI – System Integration, Other IT services – Software testing, IT Education and Training
 Source: IDC (www.idc.com), Contract Database, January 2018, KPMG member firms research and analysis based on the IDC contract database



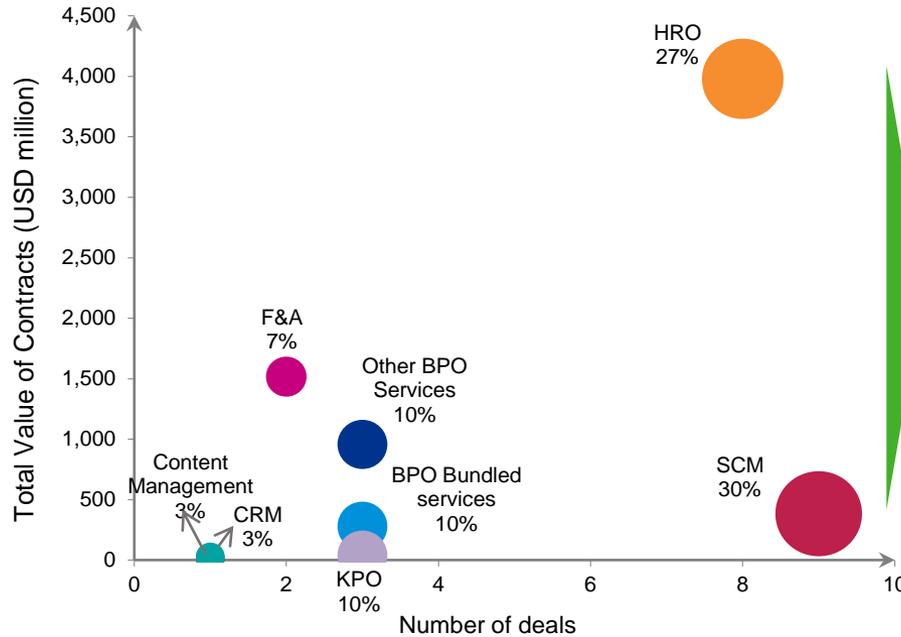
Note: All values in USD billion. Scale of graph is just representative to illustrate the division across different parameters. Figures may not add up to 100 percent due to rounding off. Refer L.H.S. figure for legend

Source: IDC (www.idc.com), Contract Database, January 2018, KPMG member firms research and analysis based on the IDC contract database

- IT Bundled services contributed to 68 percent of all ITO deals in terms of value and 29 percent in terms of number of deals signed during 4Q17. ICT services contributed to 20 percent of all ITO deals in terms of value and 21 percent in terms of number of deals signed in the quarter
- ADM, SMAC and System Integration are other key contributors to the ITO deals in 4Q17

Services segmentation

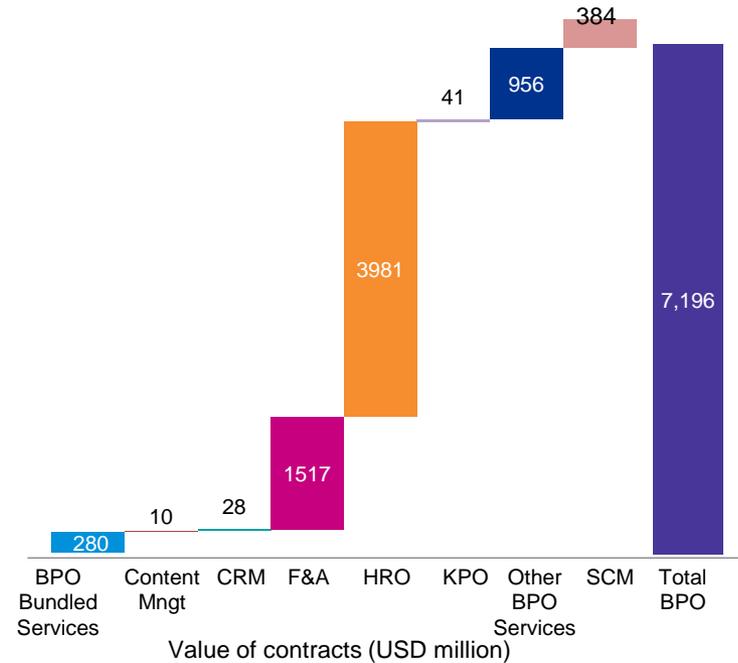
Analysis of BPO deals 4Q17



Note: Size of bubble indicates percentage share of the total number of BPO deals

Other BPO services – Data management, etc.

Source: IDC (www.idc.com), Contract Database, January 2018, KPMG member firms research and analysis based on the IDC contract database



Note: All values in USD million. Scale of graph is just representative to illustrate the division across different parameters. Figures may not add up to 100 percent due to rounding off. Refer L.H.S. figure for legend

Source: IDC (www.idc.com), Contract Database, January 2018, KPMG member firms research and analysis based on the IDC contract database

- HRO deals contributed to the most deal activity amongst BPO deals – 55 percent of all BPO deals in terms of value and 27 percent in terms of number of deals during 4Q17
- F&A, SCM and Other BPO services are other key contributors to BPO deals in 4Q17

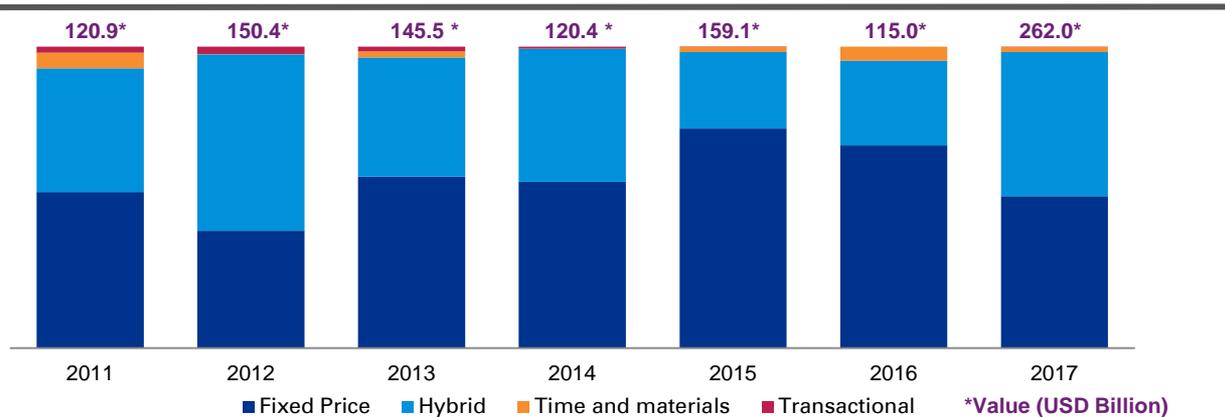
Section 5

Pricing analysis



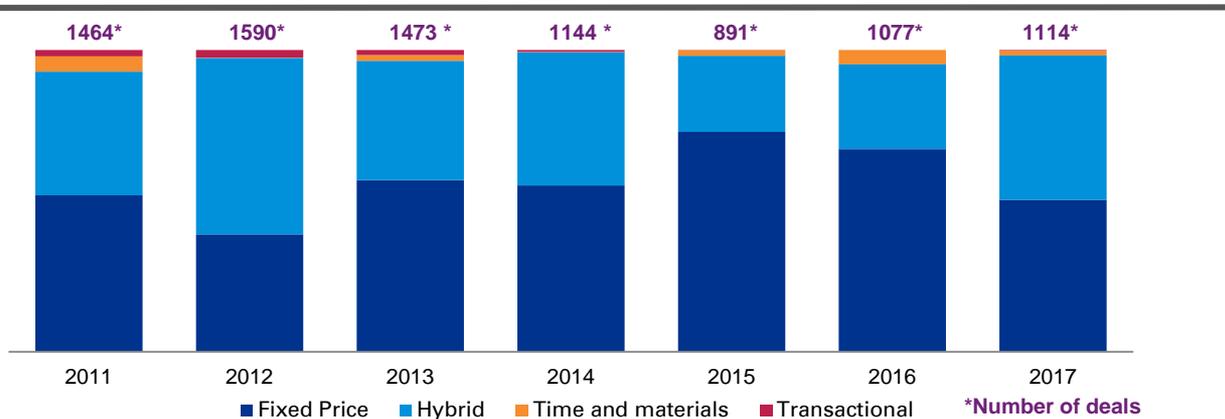
Pricing Model Y-o-Y trend

By Deal Value



- In terms of deal value, Fixed pricing and Hybrid pricing deals have increased from 2011 to 2017 at a CAGR of 13 and 17 percent respectively
- Time and material pricing and Transactional pricing deals have decreased at a CAGR of 6% and 26% respectively

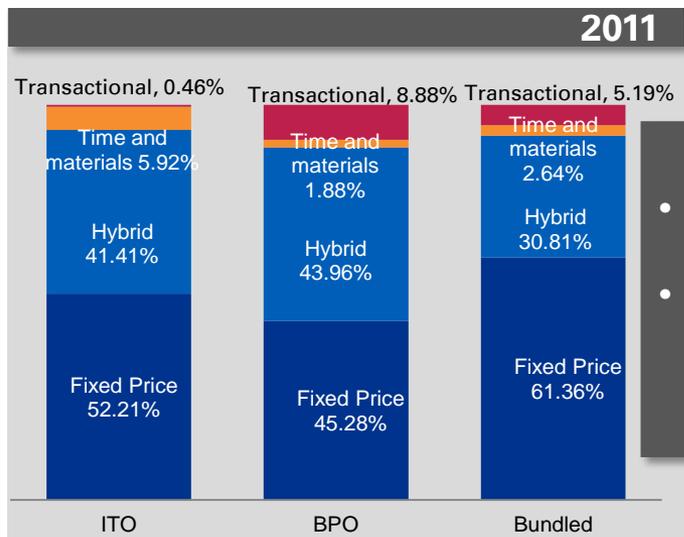
By Number of Deals



- The number of Time and material pricing deals have increased from 2011 to 2017 at a CAGR of 1 percent
- The number of deals using other pricing models have declined. Fixed pricing, Hybrid pricing and Transactional pricing have decreased at a CAGR of 3%, 5% and 26% respectively

Segment and Pricing Model

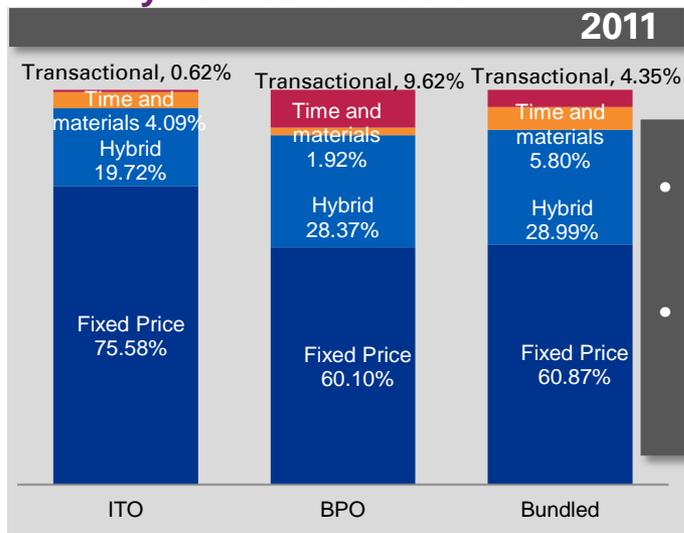
By Deal Value



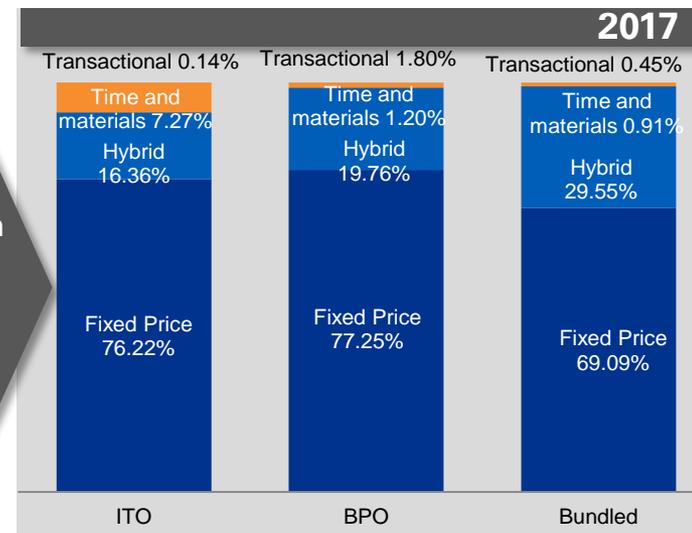
- Value of deals using 'hybrid pricing' has increased
- Value of deals using 'transactional pricing has become negligible



By Number of Deals

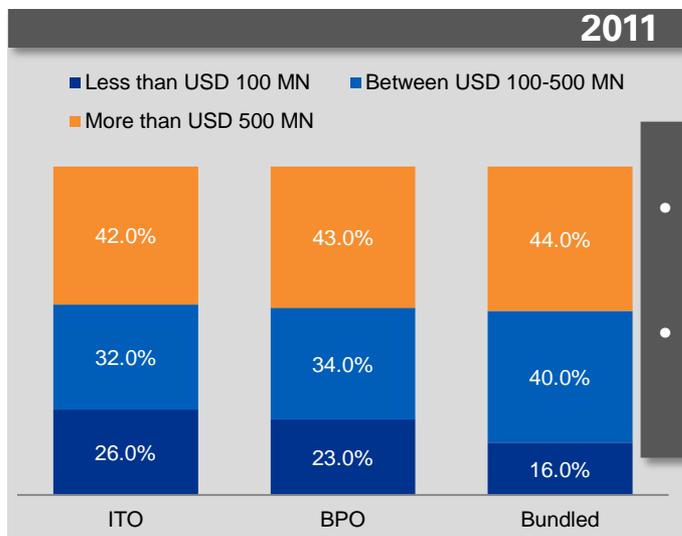


- More deals using 'fixed pricing' were signed in 2017, even though deal value has come down
- Number of deals using 'transactional pricing' have also come down

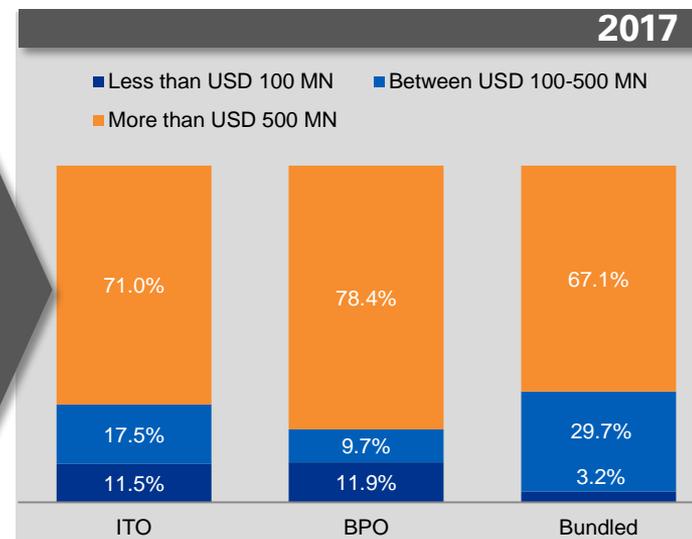


Segment and Deal size

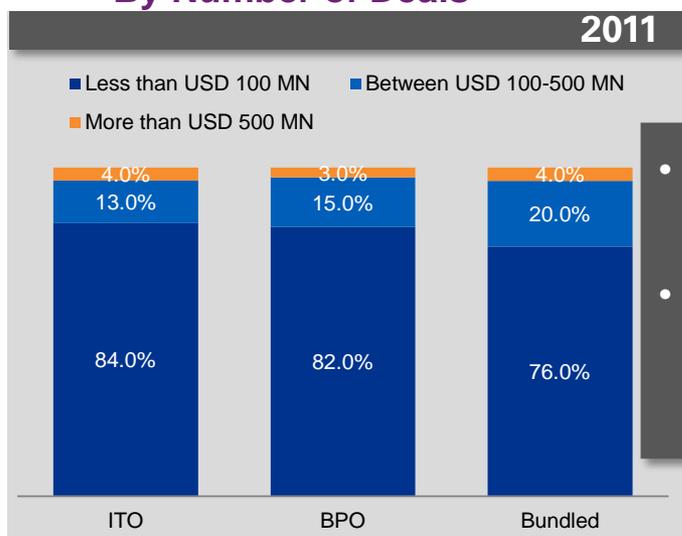
By Deal Value



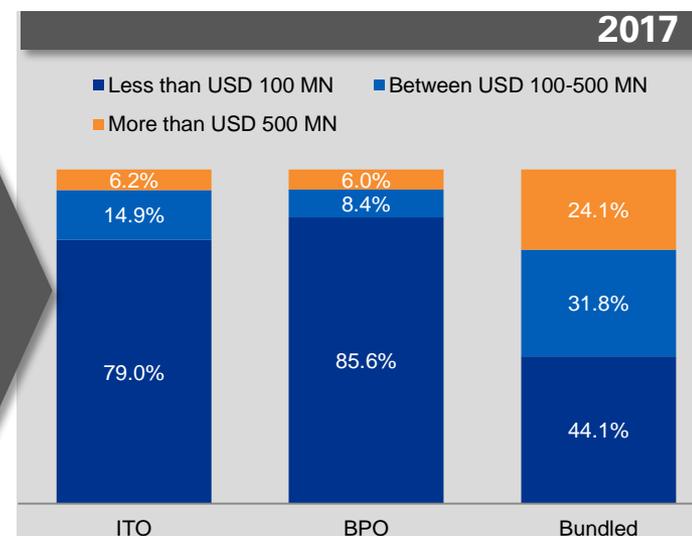
- Deals valued at 'More than USD 500 Mn' have increased across IT, BPO and Bundled segments
- Deals less than 500 Mn seem to reduce in equal proportion



By Number of Deals



- In 2017, the number of deals show a similar trend to 2011 for ITO and BPO segments
- However, for Bundled segment the number of deals of different ranges have been distributed more equitably



Section 6

IT-BPO outsourcing outlook



Global outsourcing industry: Outlook

- The continued development of process automation and technologies have presented further opportunities for global business services (GBS) organizations, especially outsourcing. This has been accompanied by the rise in data and analytical services being embedded in GBS organizations and outsourcing efforts
- Hybrid pricing model, as compared to fixed price, has gained popularity, contributing to 47 percent of total deal value in 2017, a significant increase over 2015 and 2016
- Deals are being dominated by the public sector, driven by government spending on digital processes leveraging cloud, analytics, and IoT implementations. Initiatives of reforming government through technology are being undertaken by enabling customer services, providing electronic delivery of services through e-education and e-healthcare
- UK specific government outsourcing deals, however, which were due to expire are being automatically extended because public sector authorities are busy with Brexit and unable to focus on new and better value tenders. In UK, Telecom remained a major contributor in deals valuing more than 500 MN
- Organizations are continuing to outsource with the objective to accelerate robotics process automation efforts to reduce costs, improve customer service and address talent shortages. But rapid adoption needs to be complemented by a comprehensive strategic road map to guide technology adoption
- Intelligent automation will in the years to come have a major impact on staffing models, operating models, and location of captive and third-party delivery centers. It will disrupt legacy models and relationships with service providers. Service providers that can aggressively but intelligently co-opt (e.g., cut delivery cost, improve service quality, develop new service offerings) intelligent automation will win out, those that lag or linger too long on just provided low cost services will lose

Source: IDC (www.idc.com), Contract Database, January 2018, KPMG member firms research and analysis based on the IDC contract database
KPMG Global Insights Pulse, 4Q17, January 2018

Global outsourcing industry: Trends 2018

Customer-centricity to continue to gain prominence in service delivery

Effective collaborations and partnerships with customers to be more important than meeting SLAs

Use Case : Omni- channel strategy (web, phone, mobile, face-to-face) to engage customers, agility in adopting to new service models

Rise in significance of cloud migration in ITO deals

More than 50% of ITO deals to be influenced by cloud adoption strategies ; SaaS market size to reach \$55.5 billion in 2018

Use Case : Companies are using cloud to facilitate BCP requirements and to address network latency issues

Up-skilling to drive sustainability of SSCs

Almost 40% of the 4 million professional workforce in countries such as India planning to upgrade their technical skill sets

Use Case : IT-BPO workforce acquiring new skills in analytics, big data, artificial intelligence, process mining

Knowledge based processes to define SSC performance

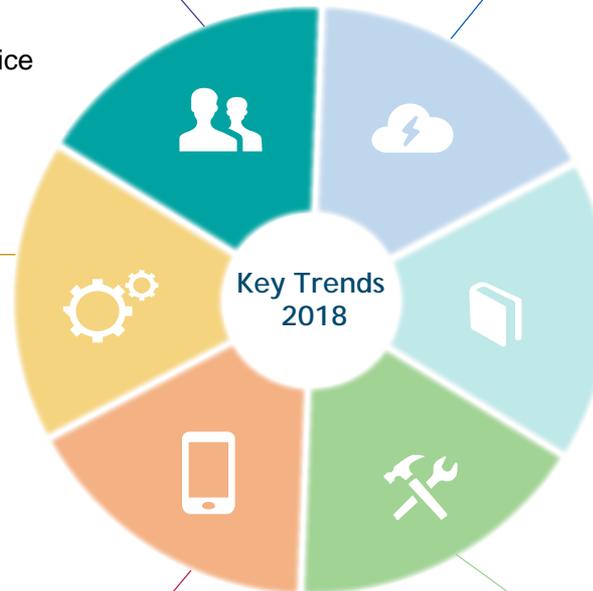
Adoption of complex, knowledge-based processes incorporating intelligent automation expected to double till 2020

Use Case : Automation of insurance underwriting (Genworth Financial), real-time statistical computing (Goldman Sachs)

Companies to opt for delivering more services in-house leveraging automation

Companies to look to gain greater service control, more than 60% of global SSCs to follow a captive delivery model

Use Case : ABInBev in India insourced a 1000 FTE capability center from Accenture



Cyber Security to dominate spending

More than 64% of all the businesses intend to invest on finding solutions to their IT threats

Use Case : Companies investing in IT audits, risk assessment and malware management policies

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- Climbing the service–delivery maturity ladder toward exceptional value
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Global IT-BPO Outsourcing Deals Analysis: <http://www.kpmg.com/IN/en/IssuesAndInsights/ArticlesPublications/KPMG-Deal-Tracker/Pages/Default.aspx>

Glossary (1/2)

Terms	Definition
ACV	Annualized Contract Value = (total value of a contract/tenure in months) x 12
AMERICAS	North America and South America
ASPAC	Asia and Oceania
BPO	Business Process Outsourcing
EMA	Europe, Middle East and Africa
ITO	Information Technology Outsourcing
TCV	Total Contract Value

Glossary (2/2)

Terms	Definition
ITO Services	
ADM	Application Development and Maintenance
ERP	Enterprise Resource Planning implementation and support services
ICT Services	Information and Communication Technology services (e.g. contact center technology, telecommunication, and related services)
IT Bundled Services	Any combination of two or more IT services mentioned above
IT Consulting	Information Technology Consulting services
IT Infrastructure	IT hardware deployment (e.g. data center outsourcing, network management, hardware deploy and support, hosting services, etc.)
IT Products	Software products typically developed and branded by IT companies and sold as own Intellectual Property
Other IT Services	Typically services that do not fall in other buckets (e.g. Software testing, IT helpdesk support services, Cyber security)
SMAC	Social, Mobile, Analytics and Cloud services (i.e. Social Media, Mobility, Analytics and Cloud computing)
System Integration	IT system integration services (application or enterprise system integration services)
BPO Services	
BPO Bundled Services	Any combination of two or more BPO services mentioned above
Content Management	Data management services (e.g. document management, print management, etc.)
CRM	Customer Relationship Management solutions and services
F&A	Finance and Accounting services
HRO	Human Resource Outsourcing services
KPO	Knowledge Process Outsourcing services
Other BPO Services	Typically services that do not fall in other buckets (e.g. Industry specific processes, Facilities Management)
SCM	Supply Chain Management services (including procurement, logistics, etc.)

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