



cutting through complexity

KPMG Sourcing Advisory 1Q13 Global Pulse Survey

Trends in shared services, outsourcing, and
third-party business and IT service markets,
gleaned from KPMG's own field advisors
and leading global service providers.

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Introduction

KPMG is pleased to release the findings from its KPMG 1Q13 global Sourcing Advisory Pulse surveys. The [Pulse surveys](#) provide insights into trends and projections in end-user organizations' usage of global business services ([GBS](#)). The learnings are gleaned from KPMG International (KPMGI) member firms' advisors, who work closely with end-user organizations that are actively exploring or undertaking domestic, near and offshore shared services and outsourcing, and other service delivery initiatives, as well as from leading global business and IT service providers.

The Sourcing Advisory Pulse surveys are part of a broad family of KPMG Pulse surveys. This collective research program focuses on GBS market trending in specific geographies such as [China](#) or [South Africa](#), functional areas such as real estate and facilities management ([REFM](#)), and specialized constituencies such as [third-party legal counsel](#) that advise buyer organizations on outsourcing. It examines related key topics such as cloud computing and human resources (HR) transformation and [vertical industry business trends](#).

Since their inception in 2004, the global Sourcing Advisory Pulse surveys have yielded insightful analyses of current and ongoing market trends in the use, deployment, and delivery of business and IT services. They capture changes in demand, usage levels, future adoption plans, and related key market indicators. They highlight the changes, and the direction of change, in the GBS market as a whole. The surveys focus on where the market is going and how that direction is changing—or not—as compared to prior quarters and years.

This edition of the global Sourcing Advisory Pulse surveys reflects GBS market activity during 1Q13, as well as projections and predictions for 2013 for both GBS services, as well as broader economic and market trends globally.

Topics explored include:

- GBS demand and adoption trends
- Drivers for GBS delivery improvement efforts
- Global business services macro trending
- Market conditions impact on global sourcing
- Outsourcing deal pricing, service provider profitability, and scope

The Pulse surveys focus on end-user organizations' global use of shared services, outsourcing, and other third-party services across the following functional areas:

- Customer care/call center
- Finance and accounting (F&A)
- Human resources (HR)
- Information technology (IT)
- Knowledge process outsourcing (KPO)
- Procurement/source to pay
- Real estate and facilities management (REFM)
- Vertical industry business services

The following leading global business and IT service providers participated in the 1Q13 survey:

- | | |
|--------------------|-------------------|
| • Accenture | • IBM |
| • Atos | • Infosys |
| • Capgemini | • Mahindra Satyam |
| • CGI | • NorthgateArinso |
| • CSC | • Serco |
| • Dell | • Syntel |
| • EXL Services | • T-Systems |
| • Fujitsu | • TCS |
| • Genpact | • Wipro |
| • HCL Technologies | • Xerox |
| • HP | |

Questions or comments regarding the Pulse surveys should be directed to [Stan Lepeak](#), director, Global Research, KPMG Management Consulting, at slepeak@kpmg.com or +1 203-458-0677.

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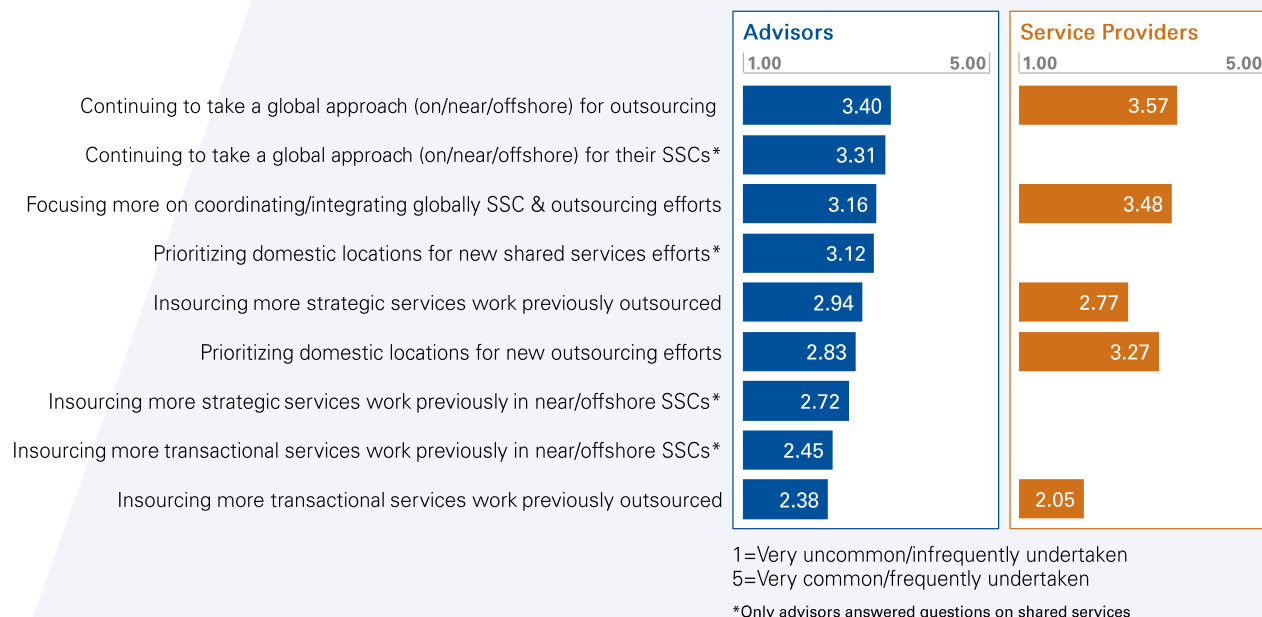


Management Summary

KPMG defines GBS as the collective set of resources, capabilities, and systems to deliver integrated support services such as IT, F&A, HR, procurement, and other business services across an organization. Implied in **GBS is greater consolidation and leveraging of common applications and business processes, models, and leading practices** to deliver these services more efficiently and effectively than in the past. As the name implies, this is often done on a global scale, using multiple service delivery models including elements of shared services, outsourcing, and increasingly, cloud solutions. This 1Q13 edition of the quarterly global Sourcing Advisory Pulse surveys focuses on macro trends in the GBS market as well as the impact of current economic and political conditions on organizations' global sourcing efforts.

Organizations are continuing to **expand the scale and scope of their GBS efforts**. This expansion is occurring in a variety of dimensions geographically, cross-functionally, from a more end-to-end process standpoint, and with the inclusion in the GBS model of **more diverse and often more strategic functions, process, and activities**. Activities such as supplier relationship management, supply chain and logistics services, and business intelligence are increasingly being targeted for GBS deployment. Organizations seek to **leverage "economies of skills,"** optimized geographic deployments, and greater global integration from moving these activities from distributed silos into globalized operational centers. These moves highlight the increased use of GBS operations for **more strategic activities and not just as cheaper offshore centers for transactional services**.

Current Market Conditions' Impact on GBS Model Preference



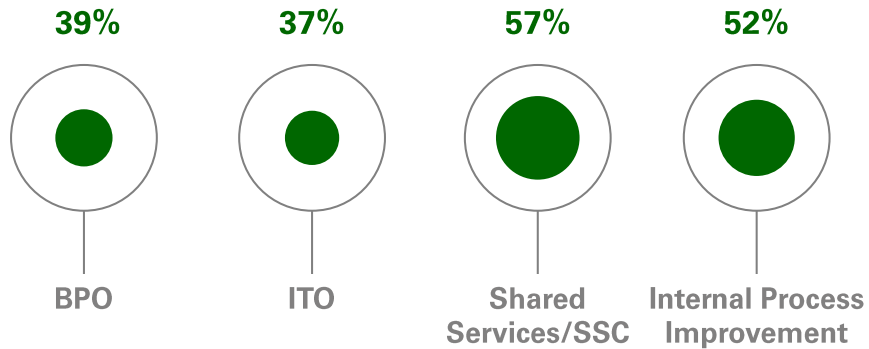
The challenge for organizations' GBS expansion is the often **relative low levels of maturity they possess to manage these efforts**. Many organizations face challenges with end-to-end process ownership as well as governance between collective shared services and outsourcing efforts globally, and with the quality of talent and talent management across GBS operations. Improving skills in areas such as these is critical to support efforts, as is balancing the ambition of efforts with the current levels of skills to adequately manage them.

Implied in GBS is greater consolidation and leveraging of common applications and business processes, models, and leading practices

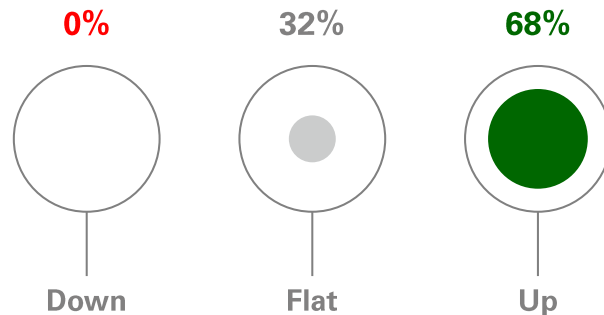
KPMG GBS Maturity Model



Advisors: Increase in Demand by Service Delivery Model, Next 1–2 Quarters



Service Providers: Demand Next 1–2 Quarters



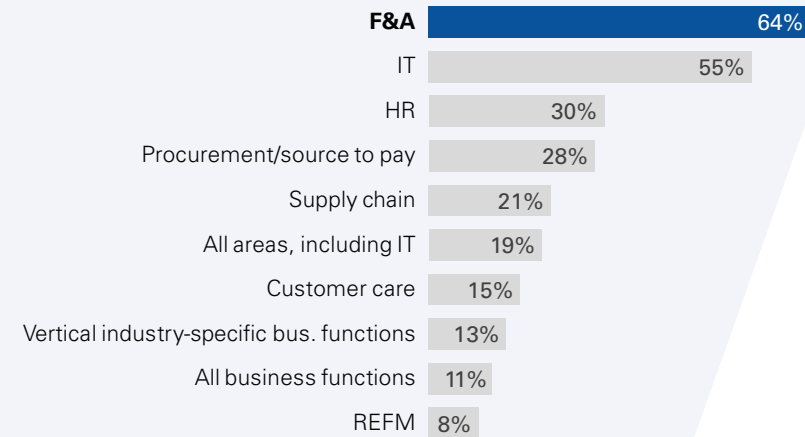
Economic conditions globally are not materially changing the nature and scope of buyers' GBS efforts. While there is some relative increased interest in more domestic sourcing as well as increased levels of insourcing of transactional services previously outsourced, overall, these moves remain more the exception than the norm and are occurring on a small scale. Firms must identify, however, when and where these options are the preferred choice and pursue them accordingly. Specific to outsourcing, buyers remain aggressive about reopening contracts to renegotiate service levels, pricing levels, and scope, and are also performing more thorough benchmarking and baselining efforts when preparing for new and renewed outsourcing efforts. The more skilled service providers, however, **will benefit from this pending "baby boomlet" of outsourcing demand** from contract rebids, renewals, and renegotiations.

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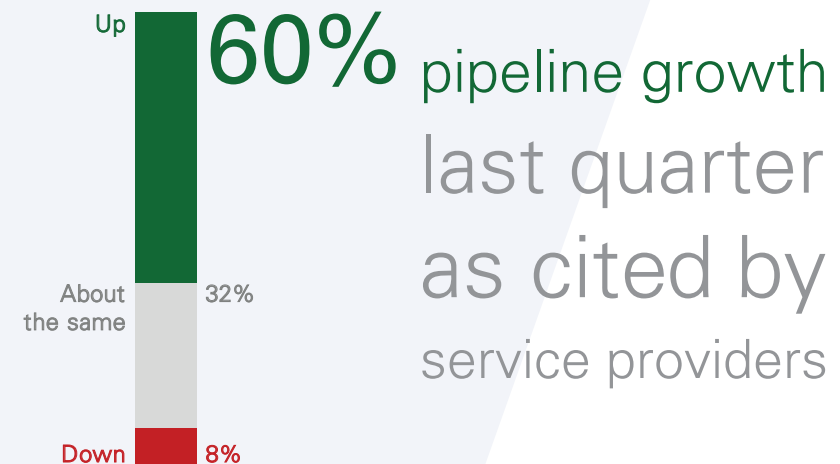
Demand for third-party business and IT services, including outsourcing, remained solid in the quarter according to both third-party business and IT service providers and KPMG member firms' (KPMG firms') advisors polled. Demand for traditional, more transactional outsourcing remains weak by historical standards, and often is low margin and low priority. Increasingly, transactional business process outsourcing (BPO) is threatened—or blessed, depending on your perspective—by increased automation that will continue to supplant people with systems. Traditional transactional information technology outsourcing (ITO) continues to succumb to cloud options to the benefit of buyers and of the subset of ITO providers that can successfully co-opt cloud. **Finance and accounting outsourcing (FAO) continues to enjoy a surge in demand**, though the key focus and value-add has moved beyond the traditional transactional focus to more packaged solutions, strategic value-added services, and vertical industry solutions.

Pulse survey results find that service provider pipeline growth for outsourcing services remained solid in the quarter, and there is **optimism on demand for services, but concern over deal profitability in the second half of 2013**, though opinion is mixed across different classes of providers. Outsourcing demand is still being negatively impacted by a variety of factors including more focus on shared services, negative market conditions in the Eurozone, near saturation in certain account segments, and cloud alternatives. The bifurcation between “leaders” and “laggards” in the service provider market will continue to grow, accelerated by the above-noted trends in cloud, automation, and specialized services.

Advisors: Top Functional Focus Areas for Service Delivery Improvement Efforts



Service Providers: Pipeline Growth Last Quarter



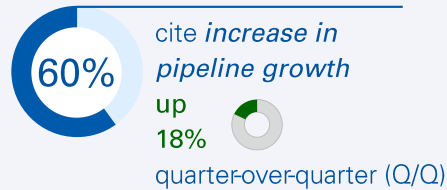
Highlights

KPMG International Firms' Shared Services and Outsourcing Advisor Highlights

	Top Means to Improve Service Delivery Performance	Top Focus Areas for Performance Improvement Efforts	Top Emerging GBS Growth Areas	Most Mature GBS Capabilities	Top Buyer Responses to Current Market Conditions
1	Improve current SSC/outsourcing governance processes/capabilities	F&A	Customer care	Governance across outsourcing efforts	Reopen contracts to renegotiate scope
2	Use/expansion of shared services	IT	REFM	End-to-end process ownership in shared services	Reopen contracts to renegotiate pricing
3	Internal process improvement/reengineering efforts	HR	Supplier management/monitoring	End-to-end process ownership in outsourcing	Perform more thorough benchmarking/baselining

Third-Party Business and IT Service Provider Highlights

Deal Pipeline



Pricing Pressure

Stable

Contract Profitability

Improving on new deals, mixed on existing

Contract Scope

Strong emphasis on increasing scope in existing client accounts

Top Focus Areas of Demand

1

IT

Top Industries for Demand

Banking, Financial Services, Insurance (BFSI)

Top Emerging GBS Growth Areas

Environmental, health, safety

Most Mature GBS Capabilities

Governance across outsourcing efforts

Top Buyer Responses to Current Market Conditions

Overhauling outsourcing governance models

2

Vertical industry specific services

Healthcare

Marketing support

End-to-end process ownership between shared services & outsourcing

Perform more thorough benchmarking/baselining

3

F&A

Consumer packaged goods (CPG)

Supplier management/monitoring

Governance between shared services & outsourcing

Pushing for more outsourcing work to go nearshore or onshore

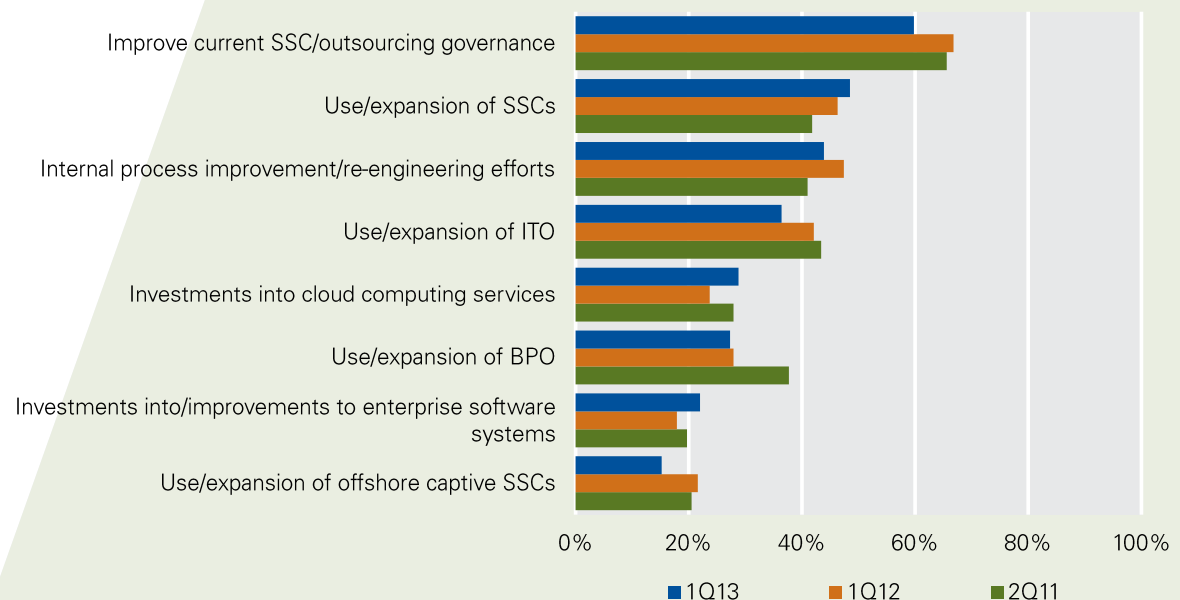
Market Conditions

KPMG Firms' Advisors: Top Approaches to Improve Service Delivery Capabilities

KPMG polled its global network of shared services and outsourcing advisors (KPMG consultants working with clients in the field) as to the top approaches that buyers are employing today to improve service delivery performance, as well as to help minimize or reduce service delivery costs (see Figure 1).

- Sixty percent of advisors, down eight percent from last quarter and down six percent from 1Q13, cited *improve current shared services and outsourcing governance processes and capabilities* as the most common approach undertaken to improve service delivery capabilities. This has been the top-rated approach for several quarters, and reflects market awareness of the importance of sourcing governance to GBS success, as well as the challenges many organizations have in improving these capabilities, especially as GBS efforts become more complex.
- The second most commonly cited approach was *internal process improvement or reengineering efforts*, identified by 49 percent of advisors. Ranking a close third, and selected by 44 percent of advisors, was *use and expansion of shared services*.
- Improving governance processes and capabilities was the top cited approach by all classes of advisors (see Appendix for a breakout of KPMG firms' advisors' responses by geographic region and by functional area of focus) except for in the Asia-Pacific region, where internal process improvement was the top cited change initiative. The expansion of shared services usage was more frequently cited by advisors that support business process services.

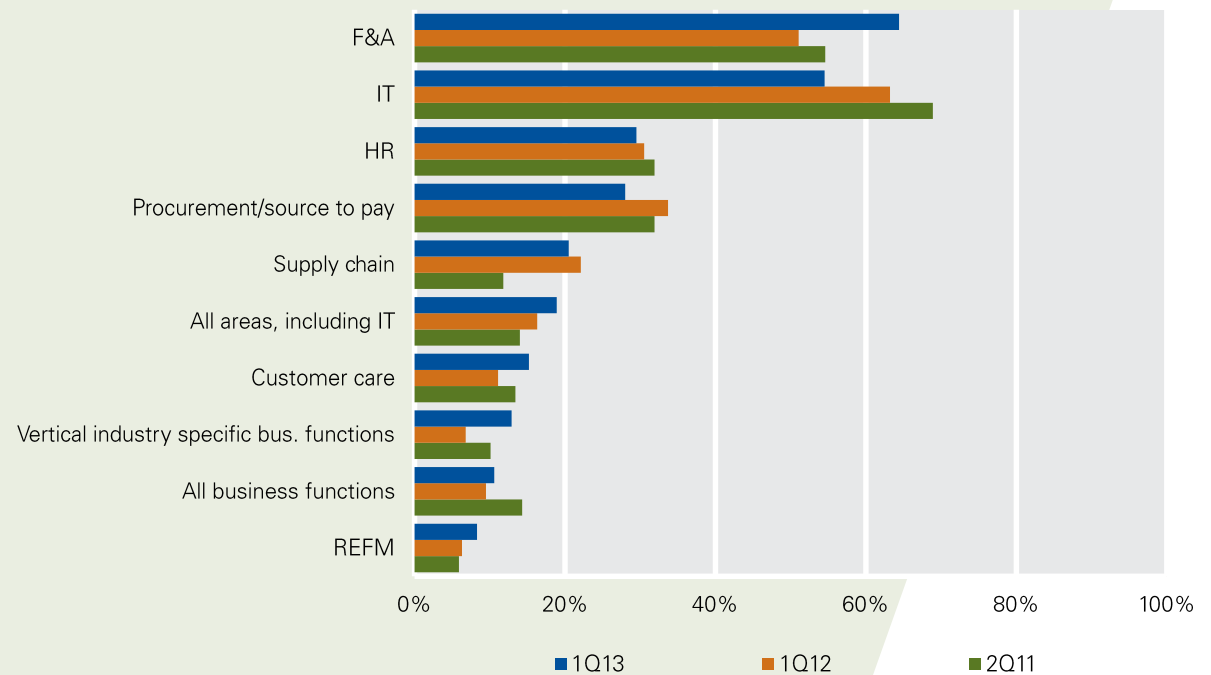
Figure 1 | Advisors: Top Approaches to Improve Service Delivery Capabilities

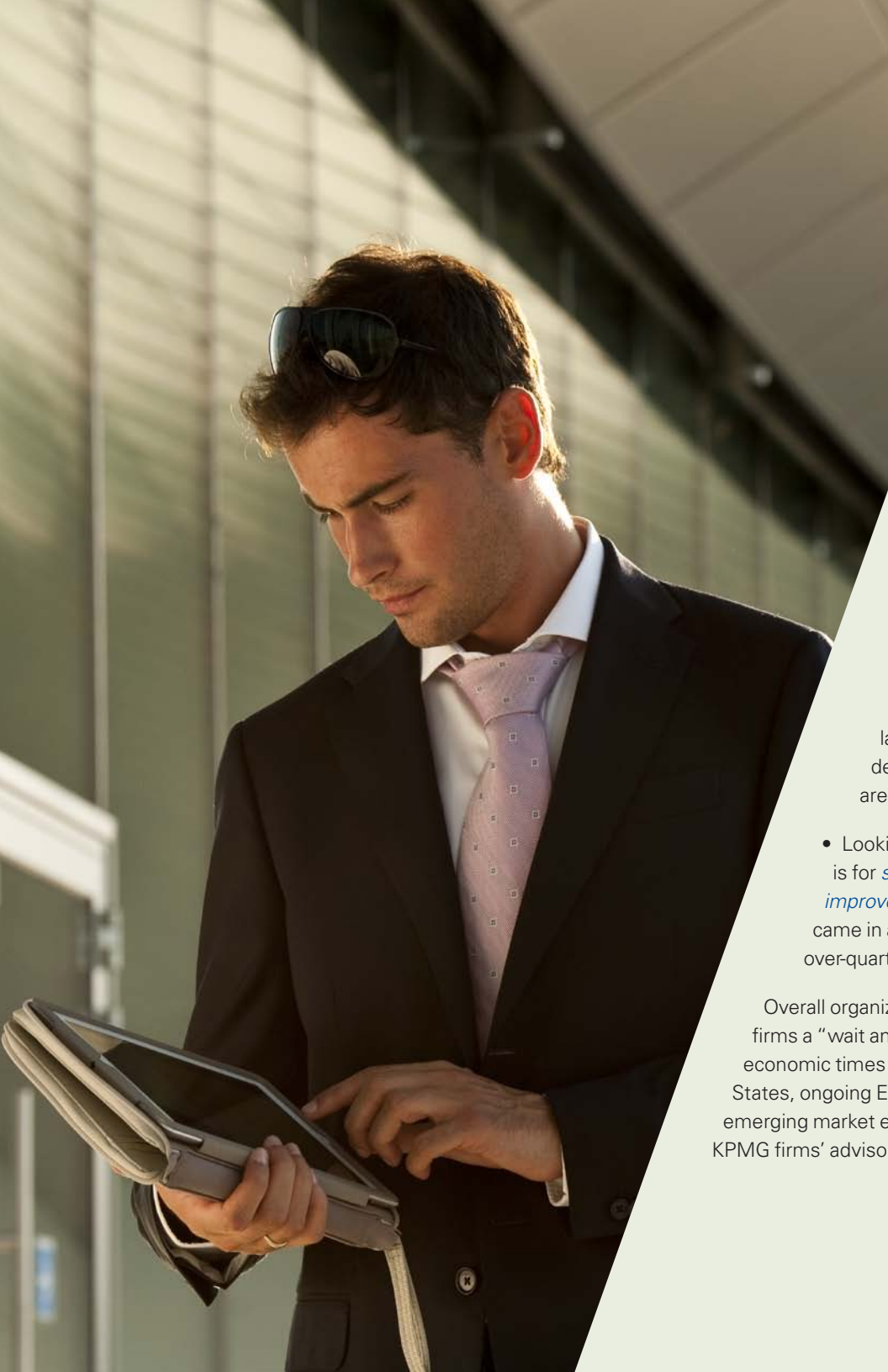


KPMG firms' sourcing advisors were asked in which functional areas buyers are today most commonly applying the approaches outlined in Figure 1 to improve service delivery capabilities (see Figure 2). F&A was the most commonly cited functional area, identified by 64 percent of advisors, up 10 percent from last quarter and 13 percent year over year. There has been a steady increase in focus on F&A over the past year. F&A was followed by IT, selected by 55 percent of advisors, down seven percent from last quarter and eight percent year over year. There was general consensus on these rankings across geographies, with advisors serving the Asia-Pacific region more bullish on most categories of business process services.

There continues to be a growing interest among organizations in using GBS, especially shared services, in more nontraditional functional and process areas. These include areas and activities such business intelligence and analytics, REFM, and supplier and supply chain management. This quarter's Pulse will examine (see below) growth levels and drivers in these areas. Overall, the increased interest among buyers, along with the focus on industry-specific ITO and BPO, highlights the ongoing shift from GBS efforts away from transaction and cost reduction to focus on seeking more strategic benefits from their efforts.

Figure 2 | Advisors: Top Functional Focus Areas for Service Delivery Improvement Efforts





KPMG firms' professionals were next polled on the change in demand or usage levels over the past one to two quarters, and expected change in usage levels over the coming one to two quarters, across four different categories of business and IT services delivery models employed in service delivery improvement efforts. These categories are shared services, internal process improvement efforts, ITO, and BPO (see Figures 3, 4, and 5).

- The greatest growth in demand was once again cited for *internal process improvement* efforts, identified by 51 percent of advisors, up 8 percent from last quarter (see Figure 3). The percentage of advisors citing growth in demand for *shared services* rose slightly from 47 to 49 percent. The number of advisors citing demand growth for *ITO* fell again from 28 to 26 percent, while *BPO* demand growth rebounded a bit, up eight points from last quarter to 31 percent of advisors. Eleven percent of advisors cited decreasing levels of demand for BPO. BPO growth expectations, especially FAO, are stronger in more specialized areas such as industry-specific BPO, though these deals are smaller and more diverse.
- Looking forward over the next one to two quarters (see Figure 4), the greatest expected growth is for *shared services* efforts, selected by 57 percent of advisors followed by *internal process improvement* efforts, identified by 52 percent of advisors. Expectations for increased usage of ITO came in at 37 percent, and BPO demand growth expectations grew from 35 to 39 percent quarter-over-quarter of advisors polled.

Overall organizations' appetites to undertake change efforts improved in the quarter, though for many firms a "wait and see" attitude still exists for major or higher-risk efforts. This is a result of uncertain economic times in many markets, growing concern over political gridlock in markets such as the United States, ongoing Eurozone problems highlighted by recent events in Cyprus, and slowing growth in some emerging market economies. Figure 5 illustrates the net change in demand (up minus down citations) by KPMG firms' advisors over the past eight quarters.

Figure 3 | Advisors: Demand by Service Delivery Model, Past 1–2 Quarters

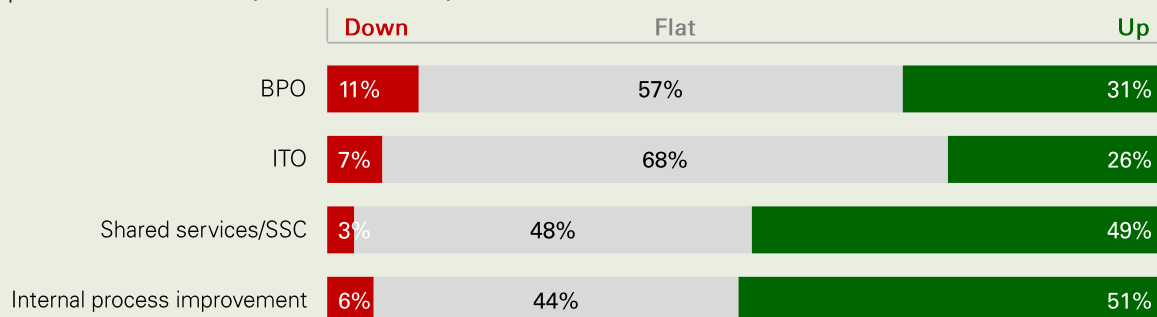
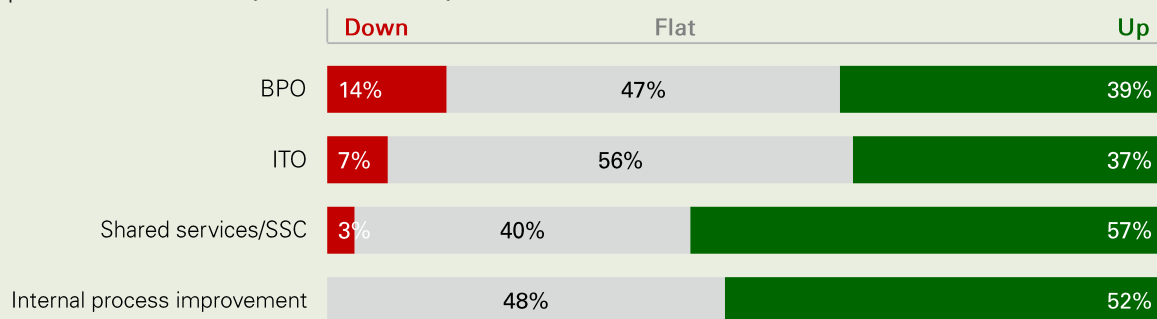
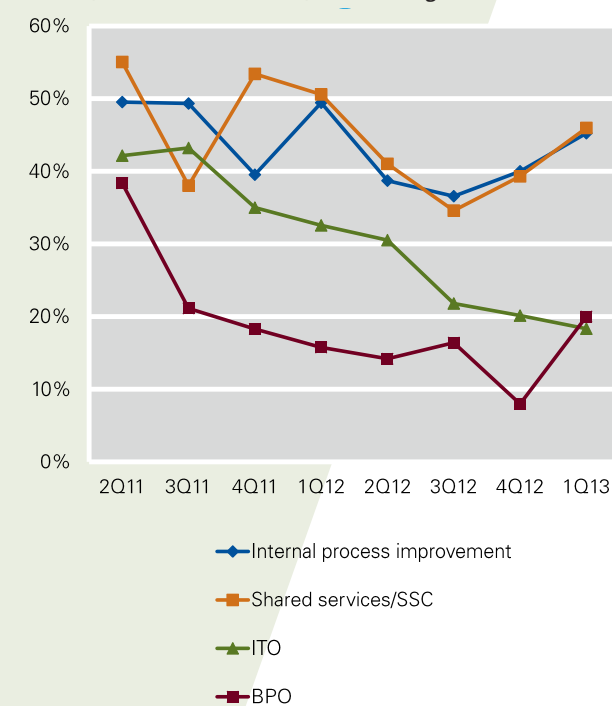


Figure 4 | Advisors: Demand by Service Delivery Model, Next 1–2 Quarters



Note: numbers may not total 100% due to rounding.

Figure 5 | Advisors: Demand by Service Delivery Model, Past 1–2 Quarters, Net Change in Demand



The Knowledge Community for Global Business & IT Services

Finance and Accounting BPO Market Landscape, 2013

Market Evaluation, Forecast and Competitive Analysis

Conducted with the support of KPMG's Shared Services and Outsourcing Advisory Practice
March 2013

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The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity.

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HfS BLUEPRINT REPORTS

KPMG

BPO Industry

The following inputs:

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deals 2012 after several

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HfS BLUEPRINT REPORTS

KPMG

HfS Sourcing Executive Council Members

Members of HfS buyer community were consulted on their experiences, attitudes towards F&A BPO issues and the market.

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Major industries show slowed growth. BFSI and Manufacturing still dominate a third of the market, but growth has slowed.

Market still nascent. All F&A functions are still predominately managed in-house by enterprises. This market have a very long way to go to reach maturity and saturation.

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KPMG

Deal activity rebounds.

The FAO market has shown growth of 13 percent increase in deals in 2012 after several years of downturn. Deal size has stabilized at \$25 million annual contract value (ACV).

Market forecasted to grow.

Total FAO is expected to surpass \$25 billion in 2013, at a growth rate of 8 percent. F&A multiprocess BPO is expected to surpass \$5 billion for the first time. Four out of 10 enterprises (\$5 billion+ revenue) intend to expand their FAO operations over the next year.

Attitudes towards FAO have gone “back to basics.”

Motivations to adopt FAO have reverted back to cost and standardization of process. While enterprises value innovation and analytical value, they want to get the basics right first. With 90 percent of BPO engagements meeting cost reduction and efficiency goals there is a host of enterprises now looking to augment the start of their FAO initiatives.

Attitude of buyers has shifted from “we can’t” to “why can’t we?”

Buyers are running out of excuses with F&A as operations heads seek great cost efficiencies and process standardization in transactional process areas.

Market still nascent.

All F&A functions are still predominately managed in-house by enterprises. This market has a very long way to go to reach maturity and saturation.

[Click here to access the complete findings and analysis from this market study.](#)

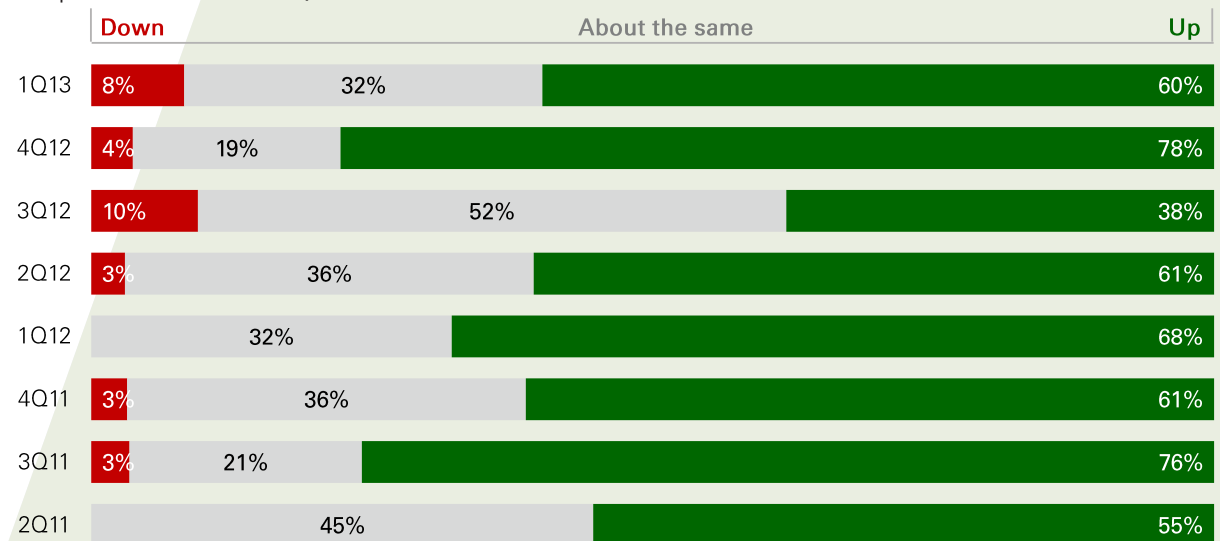


Business and IT Service Providers Market Demand Assessments

KPMG polled leading global business and IT service providers on the current and expected growth levels in their pipelines for services deals. Providers polled this quarter were much more bullish regarding new deal pipeline growth projections than they were last quarter. While strong pipeline growth was cited, it remains to be seen how quickly this growth will result in signed deals, as many providers noted the pace of deals moving through the sales cycle remained often slow and uneven, reflecting buyer uncertainty and hesitancy.

- Sixty percent of service providers cited pipeline growth over the past quarter, a drop of 18 percent from last quarter's Pulse (see Figure 6), but in line with an average score of 62 percent, over the life of the Pulse, as conducted by KPMG. It is important to note that the Pulse surveys measure change in pipeline growth levels, not absolute pipeline size or revenue levels.

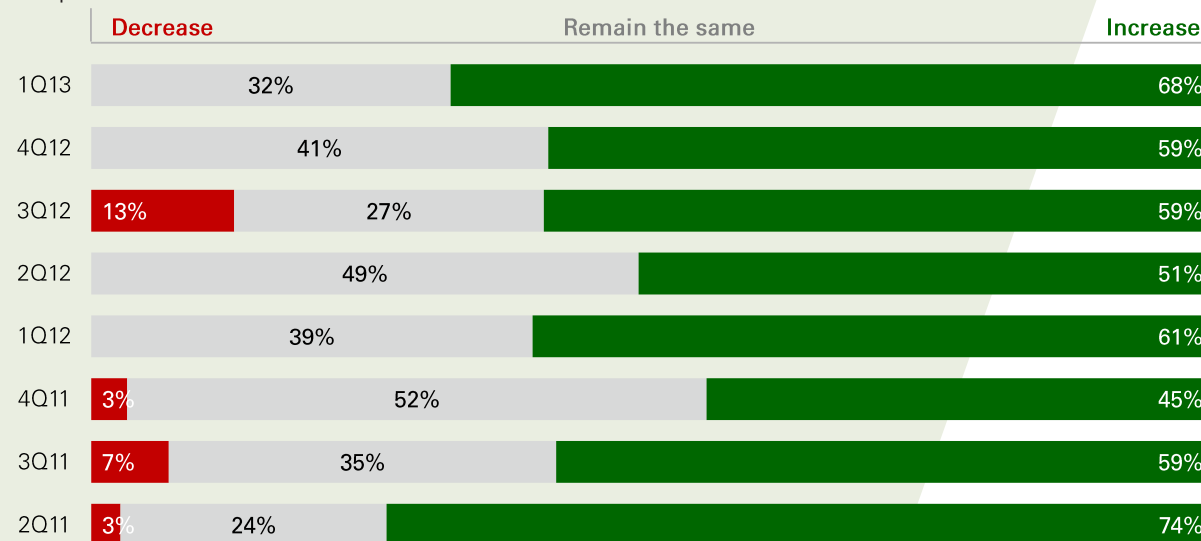
Figure 6 | Service Providers: Pipeline Growth Last Quarter



Note: numbers may not total 100% due to rounding.

- Sixty-eight percent of providers expected the pace of customer demand for business and IT services to increase over the next one to two quarters (see Figure 7), up 9 percent from the 4Q12 poll and above the survey average of 59 percent.

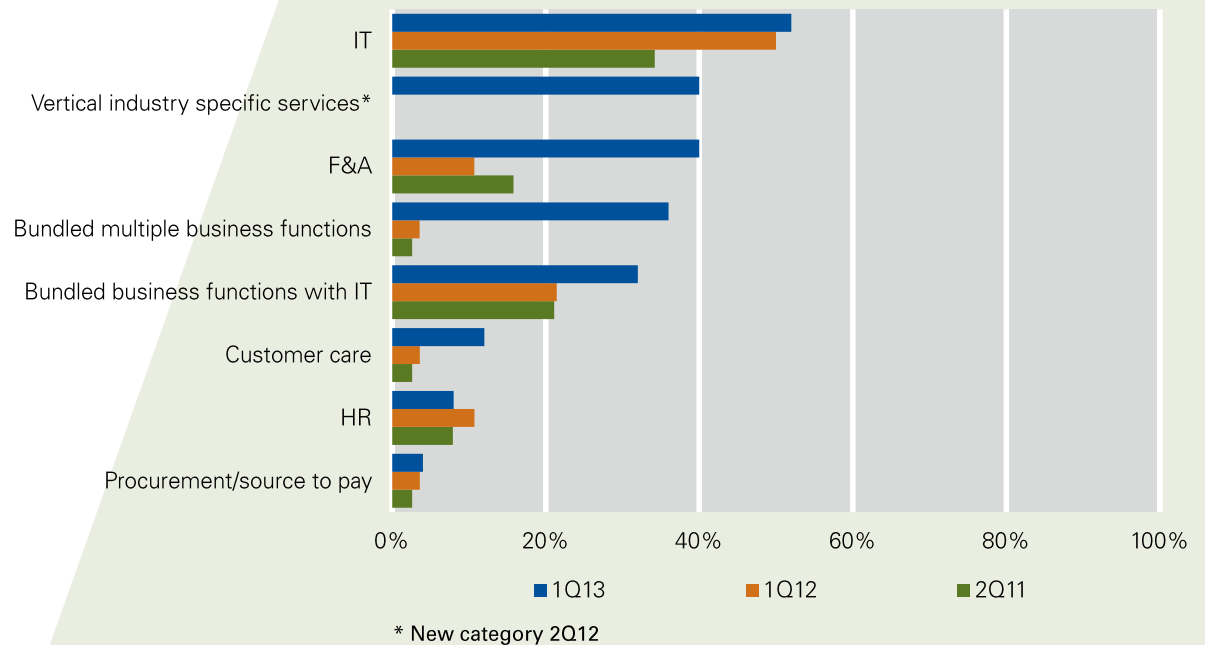
Figure 7 | Service Providers: Demand Next 1–2 Quarters



Note: numbers may not total 100% due to rounding.

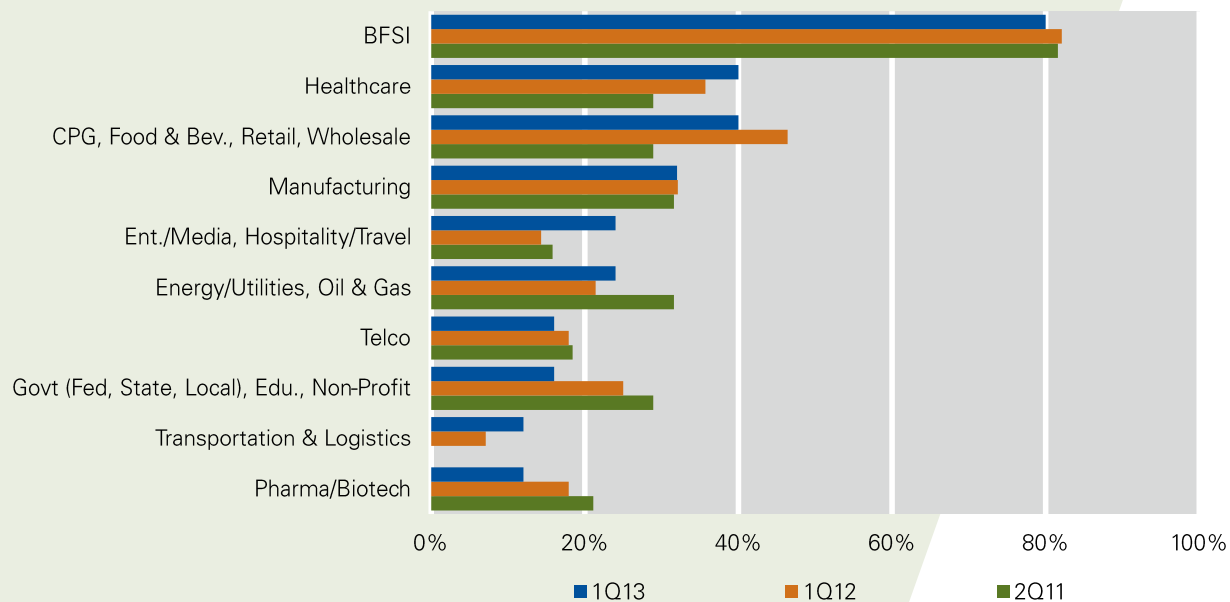
Service providers polled once again cited *IT* as the strongest functional area of market demand though the relative score fell from last quarter. Fifty-two percent of providers polled, down 18 percent from last quarter, identified *IT* as the top area of demand (see Figure 8). Next was *vertical industry specific services*, cited by 40 percent of service providers as was F&A related services. Fourth was bundled business process and IT services. Both vertical industry services and increased bundling benefits providers with more diverse capabilities that include multitower BPO and ITO skills as well as an ability to bundle outsourcing and nonoutsourcing services. It also illustrates recognition on behalf of some buyers of the growing challenges of managing increasingly diverse best-of-breed provider scenarios as part of more comprehensive GBS portfolios.

Figure 8 | Service Providers: Top Functional Areas of Demand



Service providers were polled on demand levels by vertical industry and industry group. BFSI was clearly the top industry group, cited by 80 percent of service providers, up 2 percent from last quarter (see Figure 9). A distant second were CPG and healthcare at 40 percent. While KPMG firms' advisors were not polled specifically on demand by industry, commentary and market insights gathered in the Pulse and client work supported the strong demand identified by providers in the BFSI sector.

Figure 9 | Service Providers: Demand by Industry (Top 10)



Current Market Deal Characteristics: Service Providers' Perspectives

This section of the quarterly Sourcing Advisory global Pulse survey assesses the characteristics of current outsourcing and third-party services deals in the market from the perspective of the business and IT service providers polled.

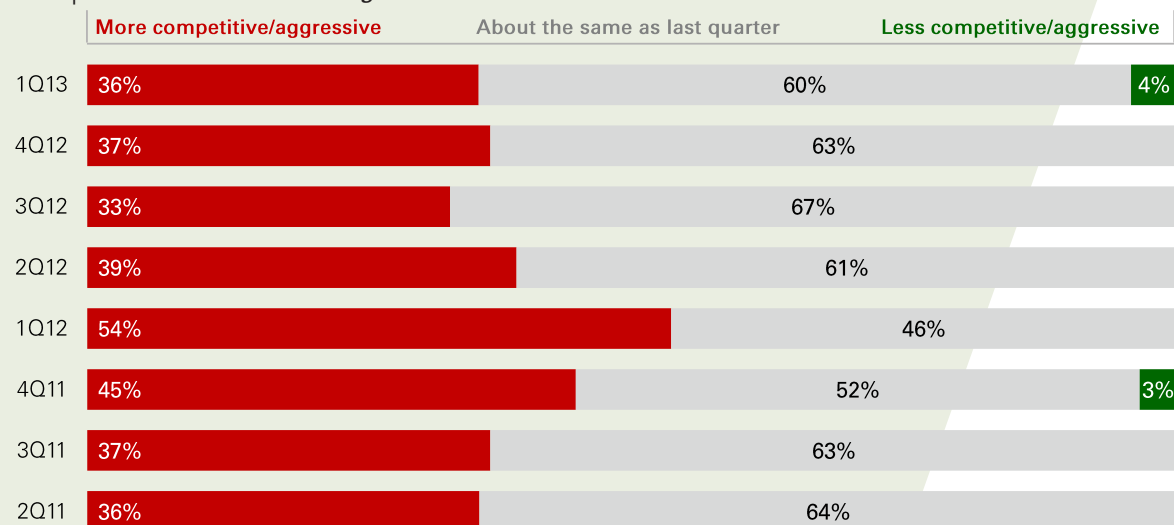


Pricing Competitiveness

Increased pricing competitiveness implies the buyer has, or is trying to get, the upper hand in pricing for outsourcing or related third-party services deals. As pricing is one element of determining profitability, less competitive pricing is generally favorable to the service provider. Also, in certain more commoditized outsourcing sectors such as generic horizontal and transaction BPO and ITO, price pressure is an ongoing phenomenon. Further automation of transactional business process services—replacing people with systems—and the cloud in the IT as well as business process space, is further driving pricing pressure into the foreseeable future.

The consensus for most of the past three years among service providers, especially India-based companies, is that buyers are getting more aggressive with their pricing demands, though this quarter's Pulse results show little change in this pressure. Thirty-six percent of service providers polled, down 1 percent from last quarter, indicate that pricing pressure increased in the quarter, while the 60 percent of service providers indicated they saw little or no change in pricing pressure (see Figure 10).

Figure 10 | Service Providers: Pricing Pressure



Note: numbers may not total 100% due to rounding.

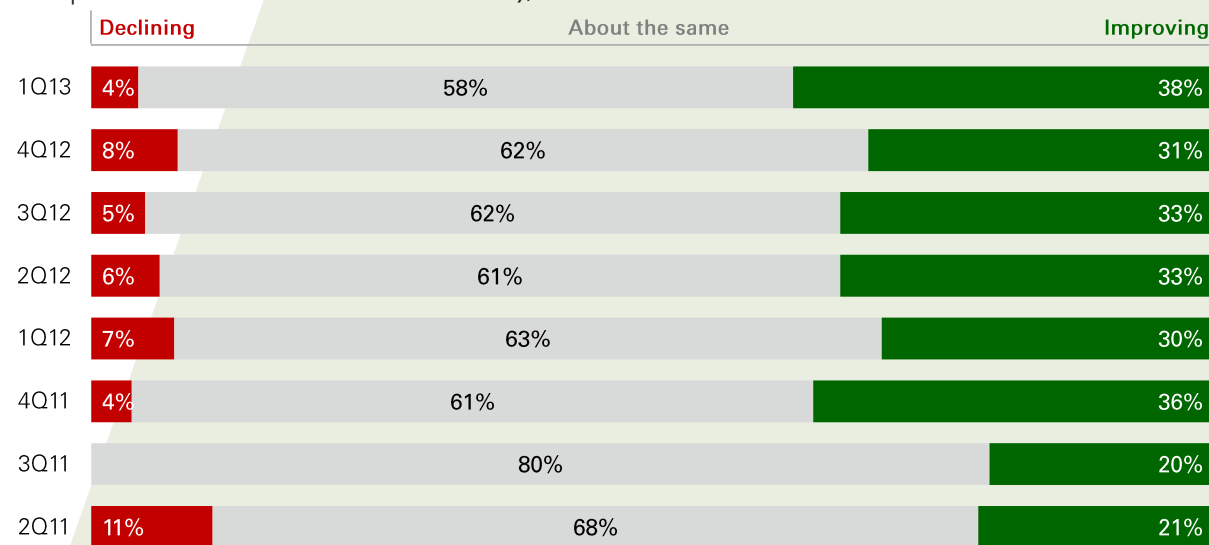
Contract Profitability and Ability to Increase Scope

Some of the biggest factors impacting contract profitability today are buyer pricing pressure, wage inflation, and currency exchange rates, as well as buyer appetite for more profitable discretionary services such as consulting or transformational outsourcing. The above noted ongoing trends on increased process automation, greater use of cloud by buyers for commoditized IT services, and greater use of software as a services (SaaS) in lieu of traditional, increasingly commoditized BPO services will only increase margin pressure going forward on one-dimensional, technology light and people intensive, service providers.

Provider sentiment is somewhat improved this quarter on their ability to improve contract profitability on new deals, but less so on deals in flight (see Figures 11 and 12). This positive sentiment on new deals is stronger among providers that are better able to drive profitability through a combination of pushing a mix of higher-profit services and driving down their internal costs to deliver services via greater automation and cloud, standardization and delivery process streamlining, better managing of consumption levels, and in some cases better tying of pricing to service value delivered. The challenge on existing deals is from buyer pressure in deals approaching renewal, push for more use of lower margin service delivery models, and opening of contracts for renegotiation.

- Thirty-eight percent of service providers polled, up 7 percent last quarter, indicate that contract profitability is improving in new deals, with just 4 percent indicating a decline in new contract profitability.

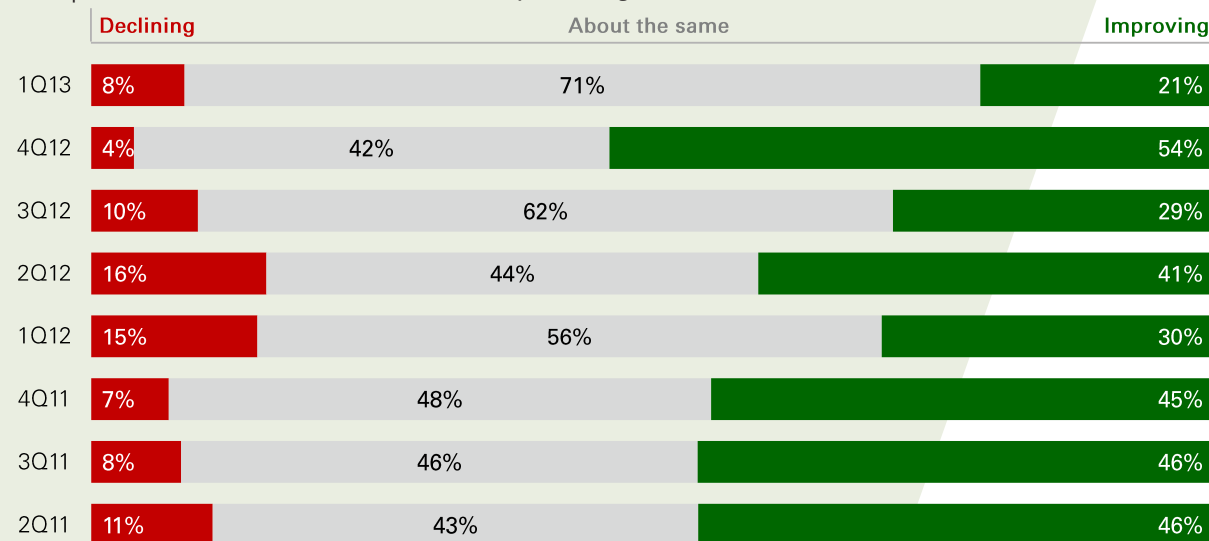
Figure 11 | Service Providers: Contract Profitability, New Contracts



Note: numbers may not total 100% due to rounding.

- Twenty-one percent of service providers expect to improve contract profitability in existing deals in flight for more than one year, down 33 percent from last quarter and low compared to a survey average of 39 percent, while 8 percent indicate existing deal profitability is declining.

Figure 12 | Service Providers: Contract Profitability, Existing Contracts



Note: numbers may not total 100% due to rounding.

Deal scope is another element that impacts service provider margins and profitability. Larger deals tend to offer more room for greater profits, though this is not always the case if they involve transaction and commoditized work. Doing more and broader work with a client should—from the provider’s perspective—ideally lead to doing more strategic, value-added, and more profitable work; though this presupposes the provider has the skills and credentials to perform more strategic work. Following this logic, if providers are able to expand scope in a client account, profitability should improve, but it can depend on the provider in question. Conversely, if a provider cannot improve profitability, it should question whether to push for broader scope in the account.

Figure 13 illustrates service provider expectations about their ability to increase scope, ideally in a profitable manner, in current accounts. Providers today are highly focused on growing business in existing accounts, not only because pursuit costs are lower than competing for new business, but also because doing so protects their base as buyers rationalize suppliers and cut back on spend levels. Expectations on ability to increase scope over the past two years have been high, though they slipped a bit in 1Q13, down to 71 percent from 85 percent last quarter.

Figure 13 | Service Providers: Ability to Increase Deal Scope



Note: numbers may not total 100% due to rounding.



Outsourcing Market Macro Trends

KPMG, on a quarterly basis, publishes an outsourcing deal tracking report. Results from the most recent, [4Q12 edition](#) of that report is available, and the 1Q13 edition will be available upon its release, on the [Global Pulse aggregation page](#). A [2012 year in review report](#) is also available. KPMG also conducts [in-depth market studies](#) on ITO trending in Europe, as well as other outsourcing related research, all of which is available on the [Shared Services and Outsourcing Institute site](#). Those interested in outsourcing market size and growth projection figures should check out HfS Research's new [Market Index program](#).

KPMG firms' advisors offered the following comments on GBS trending and service delivery improvement efforts:

Clients are gaining maturity and understanding on outsourcing and business process improvements and are looking to pursue these activities to gain deeper understanding of benefits and the ability to support global operations.

Increased interest in corporate and shared services reform across public sector clients—moving additional processes to captive shared service centers.

The whole process in BPO has become a greater focus as businesses begin to understand the impact of undertaking an end-to-end process approach.

The strong crisis in Europe has led to cost optimization projects and we are seeing BPO and ITO projects on the market despite unfavorable social laws. We are monitoring whether the market remains more focused on shared services or on really going more into BPO/ITO.

Key focus on service integration, getting existing deals right, and making best use of current assets.

As businesses evolve some of their existing captives, many clients are open to carving out some of the more traditional BPO activities to create a hybrid model. But these are unlikely to be big BPO transactions.

A lot more interest in cost optimization and strategy projects than pure BPO/ITO projects.

What's more interesting is the demand within the deal lifecycle—seeing more strategy work and renegotiation in second generation and beyond deals.

Expect a 'baby boom' generation of contracts to rebid or renegotiate.

Global Business Services Macro Trending

For the past two years, KPMG has been conducting an ongoing market research study on [global business services maturity](#). The research process assesses leading GBS user organizations using a maturity model employing a five-level scale encompassing seven GBS operational dimensions and multiple subdimensions. It is a subset of a full-blown GBS maturity assessment model KPMG uses in client engagements. The essence of the maturity model is the degree to which organizations embody the elements such as greater integration, end-to-end and cross-functional process ownership, and global coordination across their GBS efforts.

Another element of GBS maturity is an organization's ability to define a GBS model and appropriate maturity level that best aligns GBS operations with the overall business operational model and strategy. A firm organized in a looser, federated, or holding company model, for example, would benefit less from a highly integrated back-office GBS model and the level of effort it would take to achieve. In this context not all firms pursuing GBS maturity should necessarily strive for the top level.

Research findings from this study reinforce the KPMG position that adopting, deploying, and expanding GBS is a never-ending journey. The initial benefits are typically cost savings resulting from economies of scale and scope, better leverage of technology, standardized business processes, expanded use of performance metrics, and a reduction in the number of people required to deliver services. The destination and longer-term benefits typically are a moving target dependent on changing needs and conditions. They run the gamut from further cost savings to enhanced process performance, higher-quality services, and overall business improvement. In addition to pursuing greater GBS maturity, firms are also expanding GBS scope to include more strategic activities such as analytics and supplier management.

Complementing this ongoing maturity study as well as the detailed look at trends in global shared services usage undertaken in each [third quarter Sourcing Advisory Pulse](#), a new section has been added to the Sourcing Advisory Pulse survey that examines GBS services macro trending.

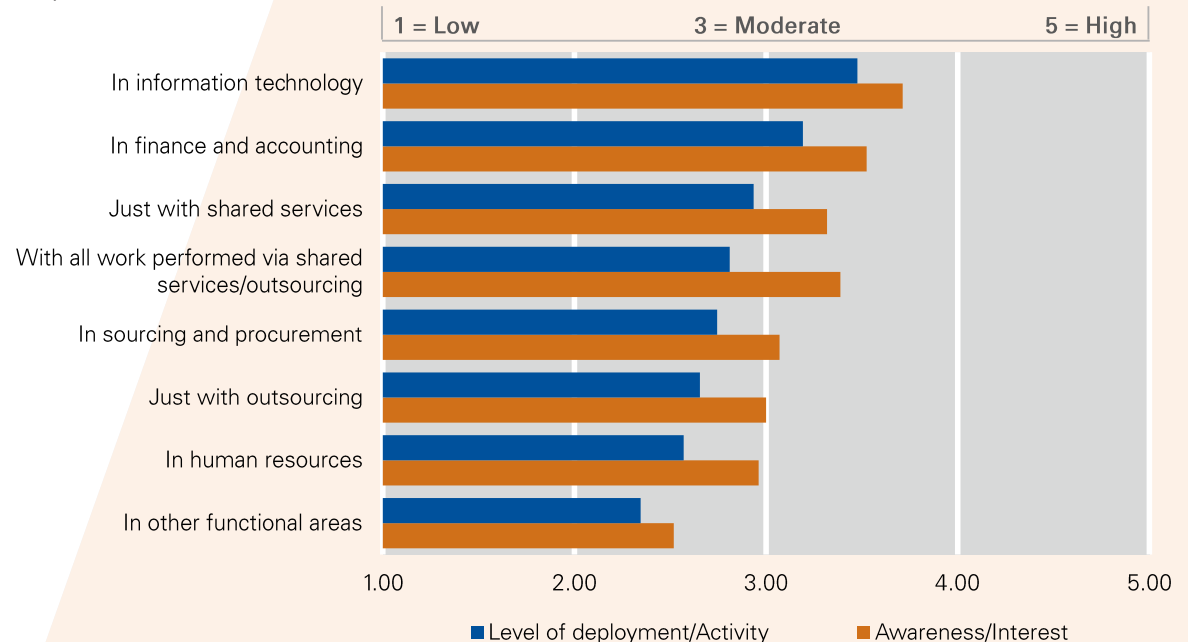


Level of Adoption of a GBS Operating Model

The first topic addressed in this macro trending assessment is the level of GBS adoption across traditionally siloed functional areas and/or across the alternative service delivery models of shared services and outsourcing. KPMG firms' professionals and third-party service providers were asked what are typical clients' levels of GBS *awareness and interest as well as levels of deployment and activity across each of these functions* and delivery models. Figure 14 illustrates results from advisors polled, and Figure 15 from service providers. Each area was ranked on a one-to-five scale where one represents *low* levels of awareness/interest or deployment/activity, three represents *moderate*, and five represents *high* levels.

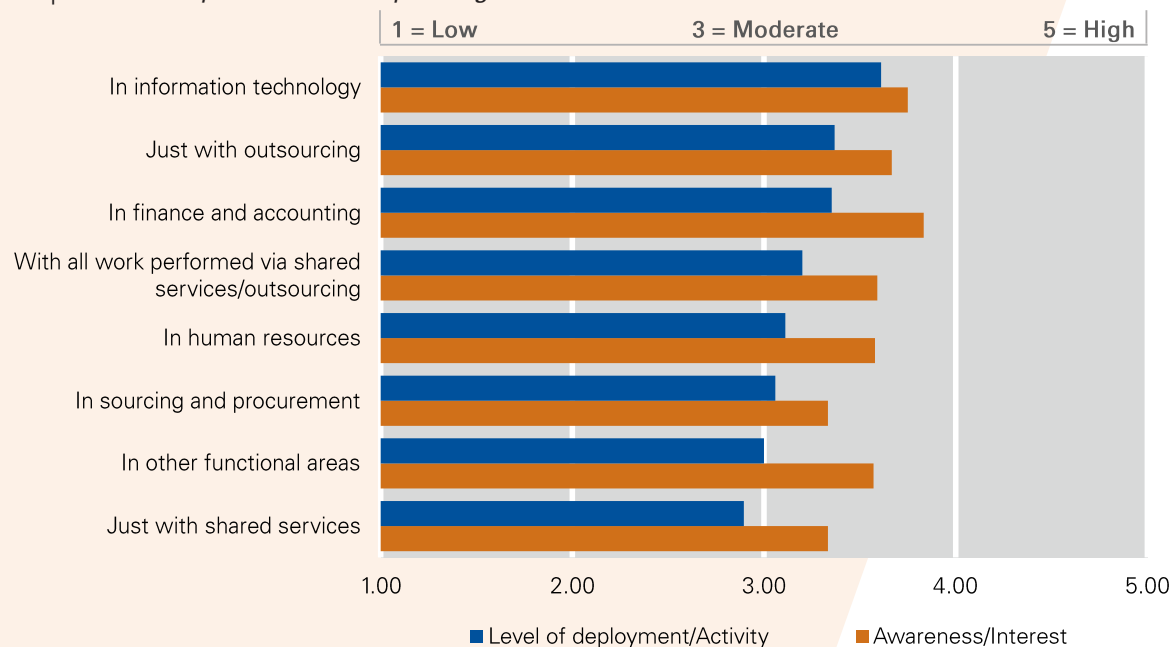
- *IT* is the functional area where advisors are seeing the greatest levels of GBS awareness and interest as well as deployment and activity, with awareness scored higher at 3.71 on the five-point scale and activity at 3.48. Coming in second was *F&A*, with *HR* scoring lowest among major back-office functional areas. Typical organizations are more likely to have adopted a GBS model across all their shared services efforts than their typically more discrete and often multiprovider outsourcing efforts. Other functional areas such as sales and marketing support, analytics, or supply chain services ranked the lowest. Adoption levels in these emerging areas are addressed below.

Figure 14 | Level of adoption of "GBS" operating model – Advisors



- Third-party service providers polled scored awareness and adoption levels in a similar, though somewhat higher, range than advisors, though they portrayed a different overall ranking. *IT* was again the top ranked area for deployment and activity, scored at 3.61 on the five-point scale, but *F&A* was scored the highest for awareness and interest at 3.83. Ranked second was deploying a GBS model just with client outsourcing efforts. The difference in this scoring between advisors and service providers in part reflects providers' greater visibility into their own and adjacent outsourcing efforts in client accounts, and less visibility into clients' *shared services* efforts.

Figure 15 | Level of adoption of "GBS" operating model – Service Providers





Shared Services and Outsourcing Usage by Emerging Function

KPMG firms' advisors and third-party service providers were next asked to assess client usage of both elements of a GBS model—shared services and outsourcing—across a range of functional areas. Advisors were polled both on shared services and outsourcing adoption while service providers were just polled on outsourcing adoption, because service providers typically have less visibility into clients' collective shared services efforts.

The focus of this question is on functional areas less traditionally deployed into a GBS model than functions such as F&A, HR, and sourcing and procurement. These functions represent the emerging market for GBS efforts and often involve more strategic and client-facing activities. Respondents ranked usage on a one-to-five scale where one represents *never*, three *occasionally*, and five *often*.

- KPMG firms' advisors scored *customer care* as the functional area among those under consideration as the one most commonly outsourced under a GBS model, though the score was below the midpoint at 2.75. Ranked lowest by advisors for outsourcing was *environmental, health and safety (EHS)* services. Conversely, service providers ranked *EHS* the highest for outsourcing at 3.77, followed closely by *marketing support* at 3.70, and then *supply chain and logistics*, and *supplier management and monitoring*. The large variance between some of the advisor and service provider scores is based on a number of factors including the mix of service providers polled, coverage areas of typical advisors, the number of deals versus total size of efforts, providers' exclusive focus on outsourcing, and their visibility into clients' overall outsourcing efforts.
- KPMG firms' advisors again scored *customer care* the highest for deployment via shared services as part of a GBS usage model, scoring it slightly higher than outsourcing. Ranking close behind were *supplier management and monitoring* and *supply chain and logistics*, and *business intelligence comprised of both data analytics and transactional services*. Overall findings from both advisors and service providers for both shared services and outsourcing illustrate the diversity of functions and activities organizations are now supporting via their global business services efforts.

Figure 16 | Shared services and outsourcing usage by function



Maturity of Global Business Services Capabilities

This section of the Sourcing Advisory Pulse survey, along the lines of the GBS maturity research study, assesses typical buyer maturity levels across a range of GBS capabilities. KPMG professionals were polled on all nine activities, while providers were polled on seven, excluded from assessing maturity around activities related solely to shared services. These categories are similar to those assessed in the related GBS maturity assessment program, though that maturity assessment is much deeper and detailed. Respondents ranked each category on a one-to-five scale, where one represents *very immature* and five *very mature*.

- The top ranking by KPMG firms' advisors was for GBS organizations' skills at *governance across collective outsourcing efforts globally*, though the score level leaves room for improvement at just 2.47 on the five-point scale. All scores were clustered in a close range with *integrated talent management across collective outsourcing retained organization and governance groups globally* scoring the lowest at 2.04. Talent management overall for both shared services and outsourcing efforts is a weak spot for many organizations.

- Service providers were more generous in their scoring of client maturity, though overall, scores are still low relative to what is optimal. *Governance across collective outsourcing efforts globally* was again ranked first, scored at 3.33 by service providers polled. There was also consensus with advisors on the least mature capability, *integrated talent management across collective outsourcing retained organization and governance groups globally*, though providers gave a higher score than advisors.

Figure 17 | Maturity of global business services capabilities



The key take away from these GBS macro trending findings is that organizations are rapidly adopting a GBS model across a range of functional areas via both shared services and outsourcing. However, typical organizations' capabilities to manage these efforts leave much room for improvement from a variety of perspectives. This is especially the case with coordination and integration between the shared services and outsourcing components of GBS, end-to-end process management and ownership, and with talent management. Similar to global outsourcing independently, organizations' appetites for undertaking more aggressive and comprehensive GBS efforts are often greater than their skills, resources, and experience to support these efforts.

KPMG firms' advisors offered the following comments on GBS macro market trending.

A big focus is the establishment of centers of excellence through the use of leveraged hybrid models, and moving resources around to build critical mass. In addition, there is a shift to 'right sourcing' or moving elements of big captives back on shore to cater for regulatory requirements and local management demand.

Shared services centers in financial services organizations are seeing significant offshore activity, especially around regulatory and middle-office and ops processes.

Focus on service integration as a mechanism to blend internal delivery with best-of-breed tower providers as opposed to encompassing ITO.

Movement away from traditional outsourcing to co-sourcing or 'core/flex,' and movement towards co-location rather than using service provider data centers.

Clients need more effective operational processes and tools to enable captive centers to become successful and mature.

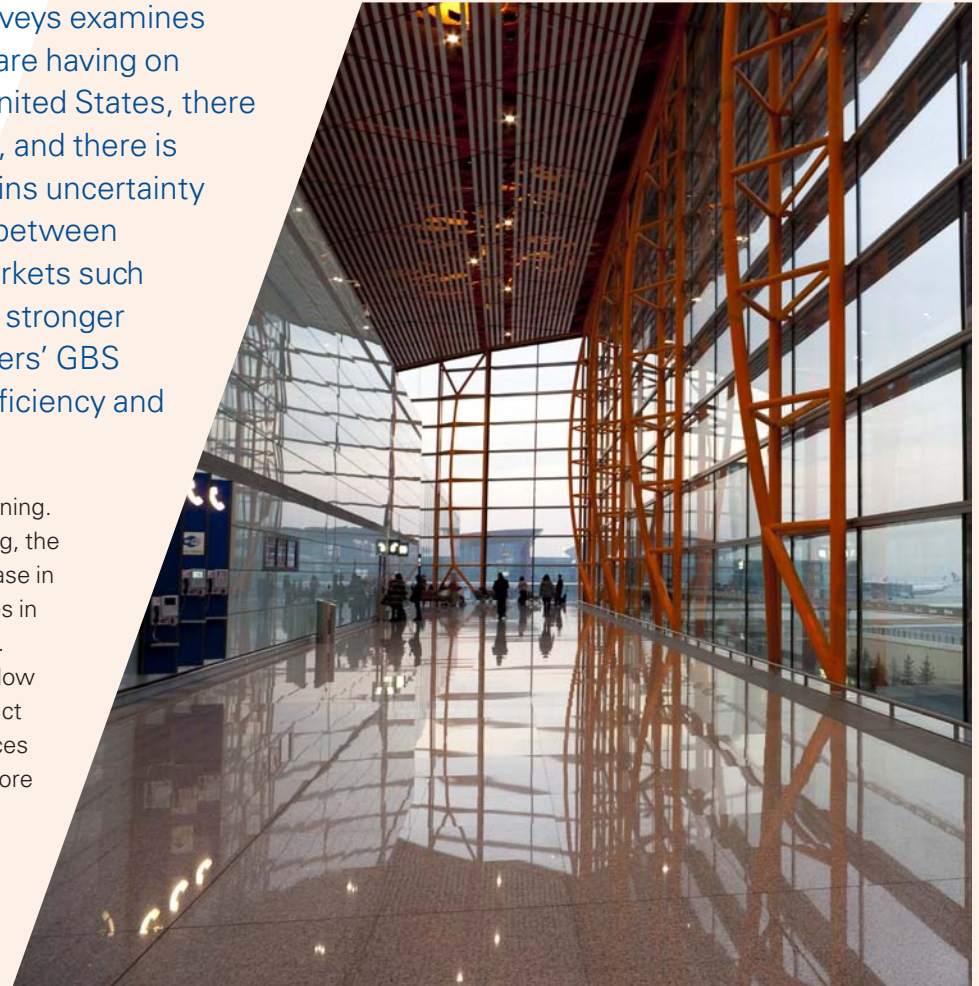
Cloud is becoming pervasive, particularly in network admin (performance management/security), and VOIP services (including dial tone in the cloud). Data center services/backup and recovery in the cloud is also very high interest.



Market Conditions' Impact on Global Business Services

The next section of this quarter's global Sourcing Advisory Pulse surveys examines the impact that current global economic and geopolitical conditions are having on organizations' GBS efforts. While the economy is improving in the United States, there remain longer-term headwinds, for example relative to fiscal deficits, and there is growing concern over political gridlock in many markets. There remains uncertainty over economic futures in the European Union and the growing split between southern and northern countries and markets in Europe. In other markets such as the BRICs (Brazil, Russia, India, China) economic growth remains stronger than in most Western markets but is slowing. All of this impacts buyers' GBS strategies and tactics both as they relate to improving operational efficiency and effectiveness and supporting global market expansion efforts.

Market conditions always impact buyer demand levels and usage patterns for GBS provisioning. Some of the impact is driven by changing market economics such as exchange rate trending, the reemergence of rising wage levels, higher attrition rates in offshore markets, and the increase in surplus labor in western markets. Increasing service trade protectionist rhetoric and policies in Western markets has a dampening effect, albeit not to a significant degree, at least to date. Other factors such as disparate energy costs and supplies between markets (for example, low natural costs and surging oil production in the United States) have an arguably greater impact of sourcing destinations, though their impact varies significantly between goods and services and manufacturing industries. While buying patterns are changing and include the use of more local or nearshore resources for certain services, the growth of global sourcing overall, at least for services, continues relatively unabated.



KPMG polled service providers and its own member firms' advisors on what impact various current market conditions are having on buyers' GBS preferences and usage patterns (see Figure 18). Advisors and service providers were asked to what degree they agreed or disagreed with five positions related to trending in global sourcing. They ranked their responses on a one-to-five scale where one represents *strongly disagree* and five *strongly agree*.

- The only trend with consensus agreement, and it scored just above the midpoint, was that outsourcing *buyers are growing more interested in offshore services delivered from locations other than India*. This trend is natural, as the number of quality and viable global sourcing locations expands and Indian service providers themselves diversify delivery capabilities beyond their home market. Neither advisors nor service providers see as a major trend buyers pulling back from global sourcing in general or in their use of India-based service providers overall.
- None of the scores from either KPMG advisors or third-party service providers changed by more than 10 percent from when this question was last asked in the 1Q12 Pulse survey. Among KPMG professionals, those covering global deals and clients were, not unexpectedly, less likely to feel organizations were pulling back from global sourcing or globalization efforts, while those from the Asia-Pacific region scored a pullback from global sourcing somewhat higher.

Figure 18 | Current Market Conditions Impact on Buyers' GBS Efforts



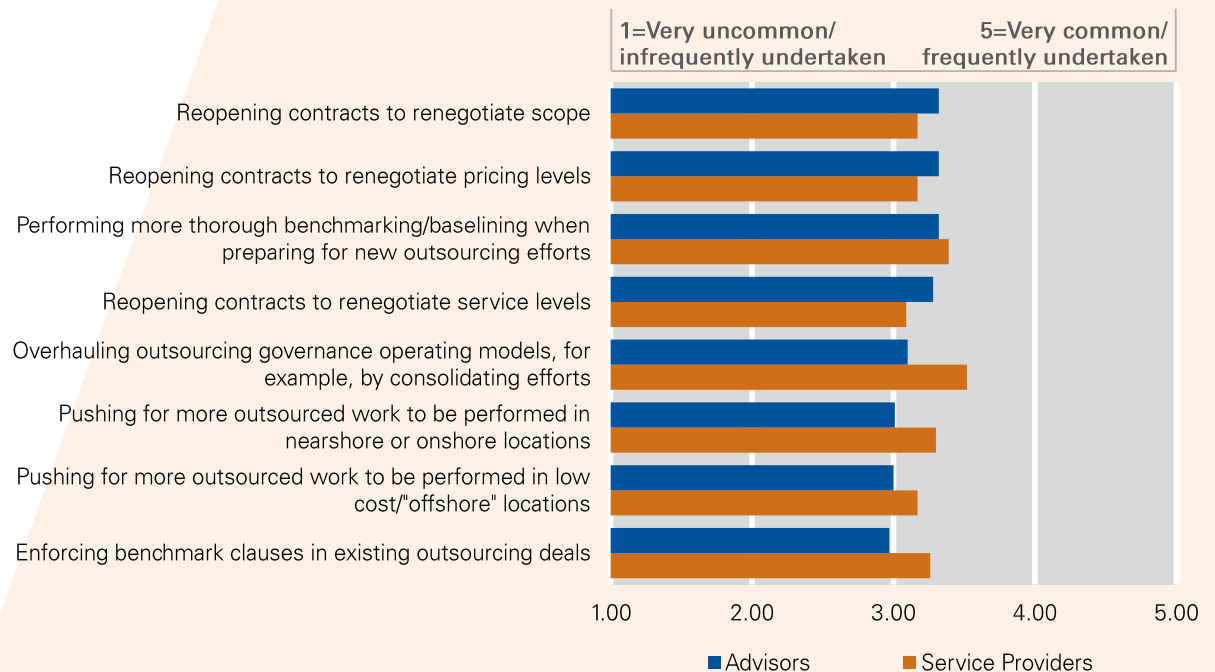
Common Buyer Responses to Current Market Conditions

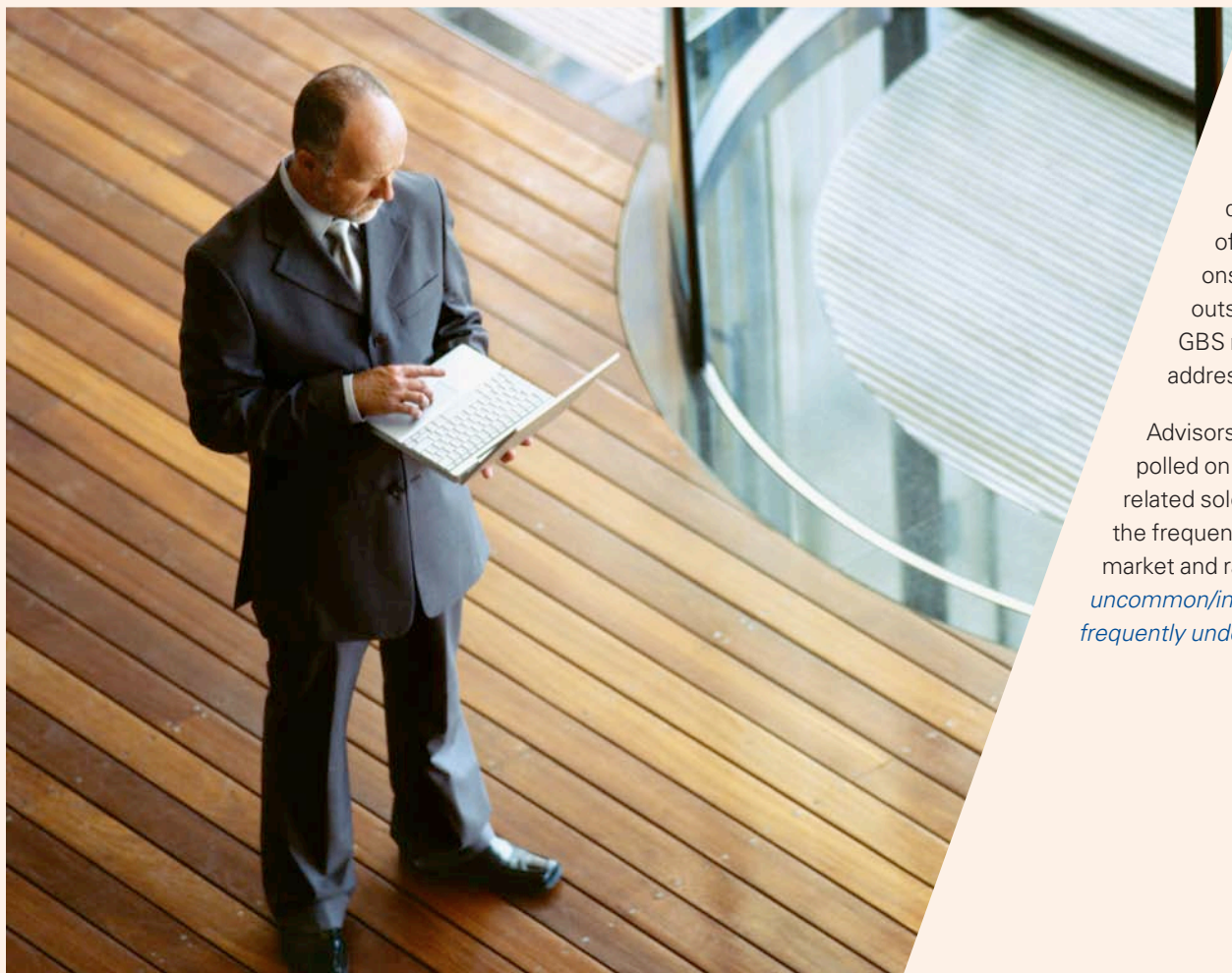
The Pulse surveys next assessed the most common activities that buyers have become more aggressive about undertaking, given current market conditions, specifically in outsourcing deals already in flight. Advisors and service providers were asked to identify the frequency with which they are seeing eight different activities in the market and rank them on a one-to-five scale, where one represents *very uncommon/infrequently undertaken* and five represents *very common/frequently undertaken* (see Figure 19).

- The most common activity according to KPMG professionals, scored at 3.32 on the one-to-five scale, was *reopening contracts to renegotiate scope* followed closely by *reopening contracts to renegotiate pricing levels*. *Performing more thorough benchmarking/baselining for new outsourcing efforts* and *reopening contracts to renegotiate service levels* received similar scores. The activity scored the highest by third-party service providers was *overhauling outsourcing governance operating models* at 3.52. The very close range of these scores across all eight activities and between advisors and service providers illustrates buyers are responding to current market conditions in a variety of ways depending on their situations.

- The only score that changed more than 10 percent among advisors year over year was *overhauling outsourcing governance operating models, for example, by consolidating efforts*, which fell 13 percent. Among service providers polled, *reopening contracts to renegotiate service levels* scored 17 percent higher this year than in 2012. There are no major differences in responses based on functional areas of focus among KPMG advisors, and from a geographical perspective, advisors covering the Asia-Pacific region indicated buyers were somewhat less likely to *reopen contracts to renegotiate scope or push for more nearshore or onshore outsourcing*.

Figure 19 | Common Buyer Responses to Current Market Conditions



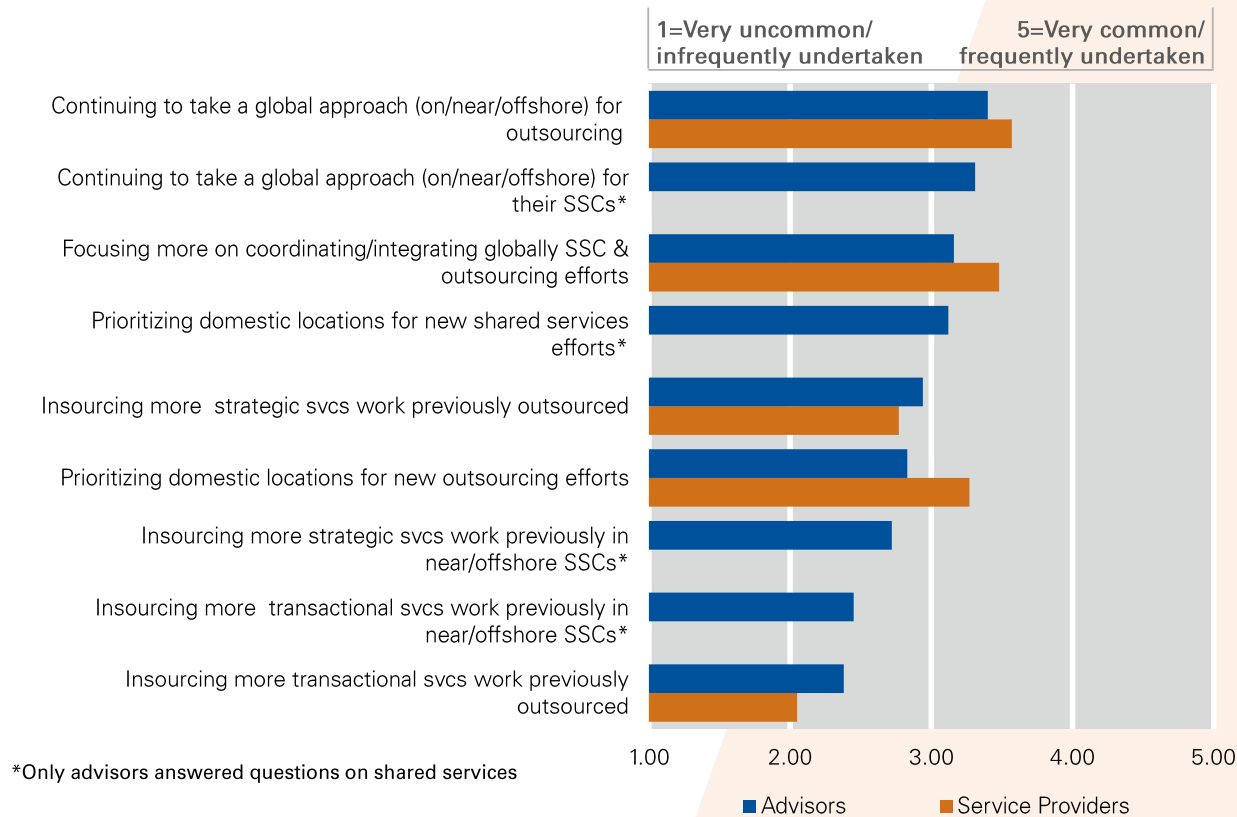


Current Market Conditions' Impact on GBS Model Preference

KPMG added a new question to this quarter's Sourcing Advisory Pulse survey examining how current market conditions are impacting organizations' preferences for different GBS models. These preferences address insourcing of either shared services or outsourcing efforts, use of different onshore, nearshore, or offshore locations for shared services or outsourcing, and what type of work is performed where under a GBS model. The intent of this question is to dig deeper into the points addressed in Figure 14 above from a specific GBS model perspective.

Advisors were polled on all nine responses, while providers were polled on seven, excluded from assessing maturity around activities related solely to shared services. Respondents were asked to identify the frequency with which they are seeing eight different activities in the market and rank them on a one-to-five scale, where one represents *very uncommon/infrequently undertaken* and five represents *very common/frequently undertaken* (see Figure 20).

Figure 20 | Current Market Conditions' Impact on GBS Model Preference



- Overall, and similar to findings illustrated in Figure 18, both KPMG firms' professionals and third-party service providers do not feel their clients are materially pulling back from global business services effort and in particular their "global" nature. There was consensus between advisors and service providers on the top response of organizations *continuing to take a global approach (onshore/nearshore/offshore) for outsourcing* scored at 3.40 and 3.57 respectively. The lowest scores went to insourcing, both by advisors and service providers, for *insourcing more transactional services work previously outsourced and insourcing more transactional services work previously in nearshore or offshore shared services centers* by advisors.
- KPMG professionals operating in EMEA and in Asia-Pacific were much less likely to see any increased trending in insourcing of either shared services or outsourcing, or of a preference for domestic sourcing locations over nearshore or offshore. So overall, there is some trending, especially in the Americas, towards relatively greater use of domestic locations and insourcing, at least of transactional services. While the trend in the overall picture of global business services is still muted, at least in scale.

KPMG firms' advisors offered the following comments on GBS trending in response to current market conditions.

Clients are still very regionally focused, even where global activities have been constructed and strategically aligned.

In Asia, the Philippines is a big focus now while China continues to be considered, but unless the domestic market is a focus, businesses are not really venturing into China yet.

Banks are focusing on insourcing high-end pieces, right-shoring, retaining of knowledge and intellectual property, and use of utility pricing models.

It is not so much the economic or political environment that is limiting our clients, but rather their internal politics, and that goes for large companies as well as medium companies. Our clients are making suboptimal decisions because of their inability to get along or have a common vision across the company. Therefore, for many, it is an opt-in or accommodation policy rather than a well-thought-out global vision.

Political implications have more traction in industries where government bailouts have been prominent.

Businesses know that they need to think and act globally relative to outsourcing and shared services, but legacy retained organizations and operating models are the barriers to change.

In Australia, the changing in Commonwealth and State governments will drive the appetite for shared services. Until the fiscal conditions tighten, however, the likelihood will be low to adopting aggressive global business services solutions.



Where to Learn More about Global Sourcing Market Trends

KPMG Online Research Portals and Blogs

- [KPMG Shared Services and Outsourcing Institute](#)
- [KPMG Advisory Institute](#)
- [KPMG Management Consulting Blog: Advice Worth Keeping](#)
- [KPMG Management Consulting Podcast Series: Advice Worth Keeping](#)
- [Directory of all KPMG Institutes](#)
- [KPMG Competitive Alternatives](#) – global sourcing location assessment services



Service Provider Performance and Satisfaction Market Studies

On an ongoing basis, KPMG conducts a wide range of market studies on ITO [Service Provider Performance and Satisfaction](#). These studies survey and interview buyers actively engaged in outsourcing efforts with a named set of leading, market-specific providers. The research unveils direct insights into buyer opinions on service provider performance levels, and also assesses and interprets general outsourcing demand and activity trends in the markets covered. Market coverage and due dates for the next editions of these studies are as follows:

- [BeLux](#) (released 2Q12)
- [Nordics](#) (released 2Q12)
- [Netherlands](#) (released 3Q12)
- [United Kingdom](#) (released 3Q12)
- [Germany](#) (released 4Q12)
- Pan-European ITO (includes France, Available on request)

[Executive summary](#) reports for all of the completed research efforts are available free of charge, and complete results are available for a fee by contacting [Stan Lepeak](#).

Appendix

Key Questions by Advisors' Primary Geography and Outsourcing Focus Area

	All	IT	BP	All Function	Global	Americas	EMEA	AsiaPac
Top Approaches to Change								
Improve current SSC/outsourcing governance	60%	72%	62%	50%	55%	63%	61%	52%
Internal process improvement/re-engineering efforts	44%	35%	51%	41%	32%	44%	43%	56%
Investments into/improvements to enterprise software systems	22%	22%	24%	26%	11%	23%	20%	20%
Investments into cloud computing services	29%	37%	20%	36%	43%	25%	27%	8%
Use/expansion of SSCs	49%	30%	58%	50%	57%	52%	39%	48%
Use/expansion of offshore captive SSCs	15%	13%	17%	14%	23%	13%	18%	28%
Use/expansion of ITO	36%	59%	20%	38%	41%	37%	50%	24%
Use/expansion of BPO	27%	20%	37%	21%	34%	35%	27%	32%
Nothing/major improvements not required	1%	2%	0%	0%	0%	0%	2%	0%
Nothing/lack of ambition/execute support/funding	1%	0%	1%	0%	0%	0%	0%	4%
Top Functional Focus Areas								
All areas, including IT	19%	19%	17%	31%	25%	17%	18%	4%
All business functions	11%	7%	14%	17%	18%	8%	9%	0%
Vertical industry specific bus. functions	13%	19%	17%	10%	16%	12%	7%	12%
Customer care	15%	13%	14%	19%	16%	21%	11%	16%
F&A	64%	57%	72%	69%	61%	65%	61%	84%
HR	30%	15%	37%	31%	34%	31%	18%	48%
IT	55%	74%	44%	52%	45%	52%	52%	56%
Manufacturing	2%	2%	0%	2%	2%	2%	2%	0%
Procurement/source to pay	28%	19%	28%	29%	27%	23%	34%	44%
REFM	8%	11%	10%	5%	9%	10%	5%	12%
R&D	4%	4%	4%	0%	5%	4%	5%	4%
Sales & marketing	7%	9%	9%	5%	5%	4%	7%	12%
Supply chain	21%	20%	21%	17%	20%	23%	25%	20%
Transportation/logistics	3%	6%	3%	2%	2%	4%	5%	0%

		All	IT	BP	All Function	Global	Americas	EMEA	AsiaPac
Change in Demand Last 1-2 Quarters									
Internal process improvement	Up	51%	53%	43%	57%	52%	39%	49%	68%
	Flat	44%	39%	51%	38%	38%	55%	44%	27%
	Down	6%	8%	6%	5%	10%	6%	7%	5%
Shared services/SSC	Up	49%	36%	51%	60%	60%	53%	43%	54%
	Flat	48%	57%	48%	40%	38%	43%	53%	46%
	Down	3%	6%	1%	0%	2%	4%	5%	0%
ITO	Up	25%	29%	17%	29%	25%	19%	39%	36%
	Flat	68%	65%	80%	61%	65%	74%	54%	55%
	Down	7%	6%	3%	10%	10%	6%	7%	9%
BPO	Up	31%	28%	39%	25%	29%	29%	45%	50%
	Flat	58%	55%	48%	68%	54%	60%	47%	50%
	Down	11%	17%	12%	8%	17%	10%	8%	0%
Change in Demand Next 1-2 Quarters									
Internal process improvement	Up	52%	53%	42%	67%	57%	41%	55%	64%
	Flat	48%	47%	58%	33%	43%	59%	45%	36%
	Down	0%	0%	0%	0%	0%	0%	0%	0%
Shared services/SSC	Up	57%	49%	54%	63%	67%	55%	41%	70%
	Flat	40%	47%	44%	32%	30%	45%	54%	22%
	Down	3%	4%	1%	5%	2%	0%	5%	9%
ITO	Up	37%	41%	30%	53%	38%	45%	45%	38%
	Flat	56%	53%	64%	40%	53%	51%	50%	52%
	Down	7%	6%	7%	8%	10%	4%	5%	10%
BPO	Up	39%	31%	38%	49%	37%	38%	47%	57%
	Flat	47%	52%	47%	33%	44%	50%	42%	33%
	Down	14%	17%	15%	18%	20%	13%	11%	10%

		All	IT	BP	All Function	Global	Americas	EMEA	AsiaPac
Global Business Services Interest/Activity Level									
With all work performed via SS/outourcing	Interest	3.39	3.33	3.38	3.42	3.55	3.60	3.05	3.00
Just with shared services	Interest	3.32	2.95	3.48	3.41	3.47	3.27	2.88	3.35
Just with outsourcing	Interest	3.00	3.39	2.77	2.89	3.03	3.29	3.18	2.40
In finance and accounting	Interest	3.52	3.42	3.63	3.51	3.59	3.51	3.47	3.37
In human resources	Interest	2.96	2.69	3.03	2.94	3.00	3.09	2.72	2.50
In sourcing and procurement	Interest	3.07	2.85	3.09	3.08	3.24	3.05	2.88	2.70
In information technology	Interest	3.71	3.85	3.44	3.82	3.78	3.70	3.83	3.25
In other functional areas	Interest	2.52	2.16	2.48	2.78	3.00	2.70	2.20	1.82
With all work performed via SS/outourcing	Activity	2.81	2.84	2.97	2.61	3.08	2.90	2.57	2.60
Just with shared services	Activity	2.94	2.67	3.07	3.03	3.16	2.91	2.48	2.90
Just with outsourcing	Activity	2.65	3.10	2.44	2.54	2.87	2.84	2.69	2.00
In finance and accounting	Activity	3.19	3.09	3.26	3.23	3.44	3.14	3.14	3.00
In human resources	Activity	2.57	2.48	2.69	2.54	2.67	2.67	2.32	2.16
In sourcing and procurement	Activity	2.74	2.56	2.87	2.61	2.97	2.74	2.48	2.40
In information technology	Activity	3.48	3.51	3.30	3.59	3.54	3.34	3.40	3.35
In other functional areas	Activity	2.35	2.16	2.26	2.72	2.95	2.57	1.94	1.73

		All	IT	BP	All Function	Global	Americas	EMEA	AsiaPac
Shared Services & Outsourcing by Function									
BI - data analytics + transactional	SS	2.87	3.08	2.78	2.90	3.14	2.88	2.39	2.91
Sales support	SS	2.28	2.39	2.20	2.38	2.42	2.38	2.10	2.15
Marketing support	SS	2.16	2.09	2.07	2.41	2.26	2.36	1.66	2.05
Social media support	SS	1.96	2.10	1.89	2.00	2.12	2.03	1.57	1.79
Supplier management/monitoring	SS	2.91	2.94	2.73	3.16	3.03	2.98	2.88	2.60
Supply chain and logistics	SS	2.92	2.81	2.82	3.22	3.12	3.00	2.52	2.58
Competitive Intelligence	SS	2.41	2.57	2.35	2.39	2.38	2.45	2.15	2.42
Customer care	SS	3.07	2.97	3.20	3.06	3.31	3.25	2.27	2.63
Real estate and facilities management	SS	2.64	2.84	2.63	2.53	2.79	2.76	2.46	2.26
Environmental, health and safety	SS	2.02	2.30	2.04	1.97	1.94	2.11	1.89	1.61
BI - data analytics + transactional	Outsourcing	2.43	2.63	2.26	2.45	2.31	2.63	2.23	2.38
Sales support	Outsourcing	1.94	1.97	1.77	2.08	2.00	2.10	1.89	1.84
Marketing support	Outsourcing	2.13	2.15	1.98	2.35	2.14	2.46	1.83	2.11
Social media support	Outsourcing	2.02	1.93	1.85	2.29	2.15	2.15	1.70	2.05
Supplier management/monitoring	Outsourcing	2.50	2.49	2.49	2.68	2.61	2.75	2.41	2.25
Supply chain and logistics	Outsourcing	2.46	2.35	2.34	2.70	2.63	2.69	2.22	2.05
Competitive Intelligence	Outsourcing	2.17	2.17	2.00	2.36	2.03	2.33	2.20	2.26
Customer care	Outsourcing	2.75	2.75	2.69	2.86	2.89	3.15	2.27	2.47
Real estate and facilities management	Outsourcing	2.59	2.88	2.65	2.33	2.85	2.93	2.54	2.32
Environmental, health and safety	Outsourcing	1.75	2.00	1.72	1.71	1.69	2.05	1.42	1.39
GBS Maturity Levels									
Governance across shared services globally		2.30	2.17	2.33	2.28	2.29	2.34	1.97	2.43
Governance across outsourcing globally		2.47	2.48	2.47	2.45	2.41	2.49	2.32	2.52
Governance between SS & outsourcing		2.10	2.19	2.06	2.03	1.95	2.11	1.89	2.05
End-to-end process ownership in SS		2.42	2.38	2.48	2.33	2.37	2.56	2.22	2.55
End-to-end process ownership in outsourcing		2.30	2.35	2.25	2.20	2.37	2.38	2.25	2.13
End-to-end process ownership between SS & outsourcing		2.15	2.21	2.18	1.95	2.03	2.16	1.97	2.14
Integrated talent mgmnt across shared services		2.15	2.28	2.16	2.05	2.23	2.29	2.00	1.91
Integrated talent mgmnt in outsourcing retained org. & governance groups		2.04	2.17	2.00	2.00	2.00	2.24	2.00	1.73
Overall maturity of integrated GBS efforts		2.26	2.24	2.19	2.23	2.18	2.34	2.11	2.23

	All	IT	BP	All Function	Global	Americas	EMEA	AsiaPac
Current Market Conditions Impact on Buyers' GBS Efforts								
Current economic conditions are causing buyers to pull back from global sourcing	2.30	2.26	2.24	2.37	2.20	2.30	2.16	2.35
The current political environment is causing pull back from global sourcing	2.53	2.44	2.55	2.68	2.22	2.41	2.33	2.91
Current econ./market conditions are causing pull back from globalization	2.39	2.53	2.33	2.28	2.12	2.40	2.24	2.52
Current market conditions are causing pull back from using Indian-based SPs	2.52	2.51	2.50	2.54	2.39	2.48	2.38	2.78
More interest in offshore services delivered from locations other than India	3.50	3.33	3.48	3.66	3.44	3.32	3.35	3.57
Buyer Reaction to Current Market Conditions								
More thorough benchmarking/baselining	3.32	3.37	3.29	3.45	3.35	3.53	3.06	3.35
Enforcing benchmark clauses	2.97	3.15	2.98	2.90	2.85	2.95	2.88	3.20
Reopening contracts to renegotiate pricing	3.32	3.56	3.33	3.18	3.23	3.45	3.39	3.20
Reopening contracts to renegotiate SLAs	3.28	3.37	3.33	3.20	3.18	3.49	3.18	3.24
Reopening contracts to renegotiate scope	3.32	3.50	3.39	3.13	3.26	3.56	3.42	3.00
Pushing for more offshore outsourcing	3.00	3.15	3.00	2.83	2.98	2.89	3.06	3.05
Pushing for more nearshore/onshore outsourcing	3.01	3.03	2.91	3.10	3.00	2.94	2.88	2.60
Overhauling outsourcing governance operating models	3.10	3.20	3.16	3.10	2.95	3.25	3.18	3.24
Current Market Conditions Impact on GBS Model Preference								
Insourcing more transactional svcs work previously outsourced	2.38	2.32	2.37	2.53	2.58	2.43	2.03	2.00
Insourcing more strategic svcs work previously outsourced	2.94	2.88	2.84	3.13	3.10	2.93	2.56	2.64
Insourcing more transactional svcs work previously in near/offshore SSCs	2.45	2.22	2.45	2.73	2.55	2.45	2.18	2.05
Insourcing more strategic svcs work previously in near/offshore SSCs	2.72	2.58	2.69	2.95	2.82	2.77	2.39	2.23
Prioritizing domestic locations for new outsourcing efforts	2.83	2.73	2.87	2.90	2.80	2.91	2.48	2.76
Prioritizing domestic locations for new shared services efforts	3.12	3.03	3.19	3.23	2.98	3.07	2.79	3.29
Continuing to take a global approach (on/near/offshore) for their SSCs	3.31	3.30	3.32	3.18	3.64	3.29	3.36	3.14
Continuing to take a global approach (on/near/offshore) for outsourcing	3.40	3.43	3.36	3.35	3.73	3.57	3.41	3.14
Focusing more on coordinating/integrating globally SSC & outsourcing efforts	3.16	3.08	3.27	3.13	3.30	3.19	3.14	2.95

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