Global IT-BPO outsourcing deals analysis

Annual analysis for 2017
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).
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
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.
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

- 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.

Note: All values in USD million unless otherwise specified.
Y-o-Y comparison
Deals analysis by sector

Trends in deal movement from 2014 to 2017

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</tbody>
</table>

*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

• In 2017, Defense, Insurance, Manufacturing ad 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

<table>
<thead>
<tr>
<th>Deal Type</th>
<th>Total Contract Value</th>
<th>Total Number of Contracts</th>
<th>Average Contract Value</th>
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</thead>
<tbody>
<tr>
<td>ITO</td>
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<tr>
<td>BPO</td>
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<tr>
<td>Bundled</td>
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<tr>
<td>Less than USD100 mn</td>
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</tr>
<tr>
<td>Between USD100-500 mn</td>
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<td></td>
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<tr>
<td>More than USD500 mn</td>
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<td>Less than 1 year</td>
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<td>Between 1 to 5 years</td>
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<td></td>
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<tr>
<td>More than 5 years</td>
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</tr>
</tbody>
</table>

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

• 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)

- 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

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

- 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

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* 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
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.
Section 3
Deals by geography
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

* 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

- 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

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Geography analysis
- IT-BPO deals in AMERICAS

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.


- 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

1. USA
   - No. of deals: 113
   - BPO: 82
   - ITO: 191
   - Bundled: 0
   - TCV: 24,541

2. Canada
   - No. of deals: 565
   - BPO: 102,817
   - ITO: 10
   - Bundled: 0
   - TCV: 24,541

3. Mexico
   - No. of deals: 191
   - BPO: 93,343
   - ITO: 178
   - Bundled: 4
   - TCV: 93,343

4. Peru
   - No. of deals: 82
   - BPO: 30
   - ITO: 1
   - Bundled: 87
   - TCV: 320

5. Brazil
   - No. of deals: 113
   - BPO: 1
   - ITO: 0
   - Bundled: 8
   - TCV: 320

* 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

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* 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

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- 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
### Geography analysis - IT-BPO deals in EMA

#### Sector-wise break-up of deals*

<table>
<thead>
<tr>
<th>Sector</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking and Financial Services</td>
<td>7.6</td>
<td>2.5</td>
<td>7.7</td>
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<tr>
<td>Insurance</td>
<td>3.5</td>
<td>2.5</td>
<td>3.6</td>
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<td>Automotive and Aerospace</td>
<td>1.3</td>
<td>1.2</td>
<td>1.1</td>
</tr>
<tr>
<td>Travel and Logistics</td>
<td>3.5</td>
<td>2.5</td>
<td>3.6</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>0.2</td>
<td>0.9</td>
<td>0.1</td>
</tr>
<tr>
<td>Energy and Utilities</td>
<td>2.4</td>
<td>2.2</td>
<td>4.1</td>
</tr>
<tr>
<td>Pharma and Healthcare</td>
<td>0.8</td>
<td>0.5</td>
<td>0.4</td>
</tr>
<tr>
<td>Publishing, Media and Entertainment</td>
<td>0.4</td>
<td>0.3</td>
<td>0.4</td>
</tr>
<tr>
<td>Retail</td>
<td>0.6</td>
<td>0.3</td>
<td>0.1</td>
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<tr>
<td>Telecom</td>
<td>0.5</td>
<td>0.5</td>
<td>0.4</td>
</tr>
<tr>
<td>Others*</td>
<td>0.2</td>
<td>0.6</td>
<td>0.1</td>
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<tr>
<td>Defense</td>
<td>1.9</td>
<td>1.8</td>
<td>1.5</td>
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<tr>
<td>Government</td>
<td>6.8</td>
<td>7.5</td>
<td>12.1</td>
</tr>
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</table>

* 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

- 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

1. United Kingdom
   - No. of deals: 33
   - TCV: 8,359 USD million
   - Breakdown: 90 BPO, 30 ITO, 338 Bundled

2. Spain
   - No. of deals: 44
   - TCV: 5,134 USD million
   - Breakdown: 21 ITO, 4 Bundled

3. Denmark
   - No. of deals: 25
   - TCV: 3,105 USD million
   - Breakdown: 44 BPO

4. Netherlands
   - No. of deals: 27
   - TCV: 4,847 USD million
   - Breakdown: 38 ITO

5. France
   - No. of deals: 3
   - TCV: 2,542 USD million
   - Breakdown: 21 Bundled

* 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: 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*

- 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

* 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

All figures in USD billion

No. of deals
Geography analysis
- IT-BPO deals country comparison: ASPAC

Top five countries by TCV (USD million) in 2017

1. Australia
   - ITO: 3,562
   - BPO: 96
   - Bundled: 39
   - No. of deals: 2

2. India
   - ITO: 2,385
   - BPO: 67
   - Bundled: 4
   - No. of deals: 14

3. Russia
   - ITO: 510
   - BPO: -
   - Bundled: -
   - No. of deals: 4

4. Hong Kong
   - ITO: 182
   - BPO: 57
   - Bundled: 
   - No. of deals: 3

5. Japan
   - ITO: 152
   - BPO: -
   - Bundled: -
   - No. of deals: 4

* 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)

- 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

* 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
Number of deals

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

- 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.

* 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

• 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.
• 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

- **2011**: 120.9*
- **2012**: 150.4*
- **2013**: 145.5 *
- **2014**: 120.4 *
- **2015**: 159.1*
- **2016**: 115.0*
- **2017**: 262.0*

- 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

- **2011**: 1464*
- **2012**: 1590*
- **2013**: 1473 *
- **2014**: 1144 *
- **2015**: 891*
- **2016**: 1077* 
- **2017**: 1114*

- 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**

2011

- Fixed pricing model was used most extensively in ITO contracts in 2011 for 72% contracts. In 2016, 86% of BPO contracts have used this pricing model.
- 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.

2017

- Value of deals using ‘hybrid pricing’ has increased.
- Value of deals using ‘transactional pricing has become negligible.

**By Number of Deals**

2011

- 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.

2017

- Value of deals using ‘hybrid pricing’ has increased.
- Value of deals using ‘transactional pricing has become negligible.

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Thea

- 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.

- 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.

By Deal Value

<table>
<thead>
<tr>
<th>By Deal Value</th>
<th>2011</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than USD 100 MN</td>
<td>42.0%</td>
<td>71.0%</td>
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<tr>
<td>Between USD 100-500 MN</td>
<td>43.0%</td>
<td>78.4%</td>
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<tr>
<td>More than USD 500 MN</td>
<td>44.0%</td>
<td>67.1%</td>
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By Number of Deals

<table>
<thead>
<tr>
<th>By Number of Deals</th>
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<th>2017</th>
</tr>
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<tbody>
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<td>Less than USD 100 MN</td>
<td>84.0%</td>
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<td>Between USD 100-500 MN</td>
<td>82.0%</td>
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</tr>
<tr>
<td>More than USD 500 MN</td>
<td>76.0%</td>
<td>20.0%</td>
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By Deal Value

<table>
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<th>By Deal Value</th>
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<td>Less than USD 100 MN</td>
<td>4.0%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Between USD 100-500 MN</td>
<td>4.0%</td>
<td>6.0%</td>
</tr>
<tr>
<td>More than USD 500 MN</td>
<td>4.0%</td>
<td>24.1%</td>
</tr>
</tbody>
</table>

By Number of Deals

<table>
<thead>
<tr>
<th>By Number of Deals</th>
<th>2011</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than USD 100 MN</td>
<td>13.0%</td>
<td>79.0%</td>
</tr>
<tr>
<td>Between USD 100-500 MN</td>
<td>15.0%</td>
<td>85.6%</td>
</tr>
<tr>
<td>More than USD 500 MN</td>
<td>20.0%</td>
<td>44.1%</td>
</tr>
</tbody>
</table>
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

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

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

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

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

Customer-centricity to continue to gain prominence in service delivery

Rise in significance of cloud migration in ITO deals

Knowledge based processes to define SSC performance

Companies to opt for delivering more services in-house leveraging automation
KPMG Shared Services and Outsourcing Advisory (SSOA) research

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- Working to deliver competitive advantage with intelligent services governance

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Advice Worth Keeping Blog: http://blog.equaterra.com/

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As a result, corporate executives, business managers, industry leaders, government officials, academics, and others have access to the thought leadership documents and knowledge which they can use to make better informed decisions and meet their marketplace challenges.
## Glossary (1/2)

<table>
<thead>
<tr>
<th>Terms</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACV</td>
<td>Annualized Contract Value = ( total value of a contract/tenure in months ) x 12</td>
</tr>
<tr>
<td>AMERICAS</td>
<td>North America and South America</td>
</tr>
<tr>
<td>ASPAC</td>
<td>Asia and Oceania</td>
</tr>
<tr>
<td>BPO</td>
<td>Business Process Outsourcing</td>
</tr>
<tr>
<td>EMA</td>
<td>Europe, Middle East and Africa</td>
</tr>
<tr>
<td>ITO</td>
<td>Information Technology Outsourcing</td>
</tr>
<tr>
<td>TCV</td>
<td>Total Contract Value</td>
</tr>
</tbody>
</table>
## Glossary (2/2)

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