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CEO Spotlight



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Looking forward to 2010



We are coming to the end of another tumultuous year. A year that started with more bad news about the worst recession impacting people, companies, economies and countries.

Last year in December of 2008, we had released a report looking at the key trends that would impact the outsourcing industry in 2009. You can view the report here - http://www.tholons.com/Trends_2009.pdf . One of the key trends we predicted was the revival of the outsourcing industry in the last calendar quarter of this year. We are happy (as will all of you be) to see that this is indeed happening. Outsourcing demand has picked up slowly from the last quarter and more and more encouraging signs point to robust pick in the next two quarters.

- Worldwide spending in IT services by end-users will increase by 4.5% in 2010 from a 3.5% decline in 2009 over 2008 according to a recent Gartner report
- More than one third of corporate mergers and acquisitions (M&A) professionals from Europe, North America, and Asia Pacific (APAC) say they are optimistic for the future of deal activity in the next 12 months, according to a recent survey by IntraLinks and Mergermarket.
- Most of the large offshore providers like TCS, Infosys, Wipro have predicted an increase in outsourcing business in the next two quarters and are increasing hiring of delivery and sales personnel

The outsourcing industry will never be the same again. Large outsourcing providers have been aggressively acquiring capability and cornering more and more of the market. Dozens of smaller firms have either closed shop or will find it difficult to grow the next year as clients prefer to move work to few large vendors.

We had also predicted last year that the sourcing deals will increase in size for the large players. While there were not many large deals signed in 2009, we know that large deals are back. Over the next six months we expect to see close to \$5 Billion in large deals being signed by the offshoring service providers and multinational companies.

We had also predicted that Governments the world over are becoming more aggressive in promoting their IT/BPO service capabilities. In 2009, various countries have initiated strategic programs worth US\$6billion to expand their IT/BPO capabilities. These include the Chinese Government, Brazil, Egypt, Ghana and Philippines.

We have an exciting 2010 in front of us as clients aggressively move to cut costs, suppliers innovate to deliver better services and Governments spend heavily to capture a share of the outsourcing market. We will be closely watching as these events unfold as always and will bring these to you.

Look forward to coming out with the 2010 top trends report. Watch out for it!

If you have any questions or comments about this article please contact at avi@tholons.com

