

Gartner

*insight for the
connected world*

Global Delivery Models (cross-border use of resources onsite/nearshore/offshore)

Frances Karamouzis
(Frances.Karamouzis@Gartner.com)

Research Director
Gartner Inc.

IT Services Global Delivery Model Hype Cycle

Visibility

Governments: Realize that the revenue potential is too big to ignore

Employees: See the permanent shift in jobs from one country to another

Vendors (foreign and domestic): Actively try to grab "wallet share"

U.S. Enterprises: Seek to slash budgets in the short term and buy services in the long term at the best price in the global market rather than in a local region

Major failures of deals announced, arising from inappropriate application of the global delivery model

Foreign business drives foreign direct investment to historically high levels

The impact of not protecting intellectual capital and critical knowledge is realized

Employee backlash reaches its peak

The global delivery model now provides reliable, repeatable processes and stabilized pricing schemes

U.S. ESPs (CSC, EDS, Accenture, Sapient) respond

Offshore goes mainstream; Indian ESPs gain "mind share"

Best practices emerge among U.S. enterprises for managing risks/rewards of the global delivery model

China is admitted to the WTO

U.S. enterprises need Y2K resources

Type A enterprises (early adopters) "test the waters"

As of December 2002

Maturity

1995 to 2003 2004 to 2005 2006 and Beyond

Technology Trigger

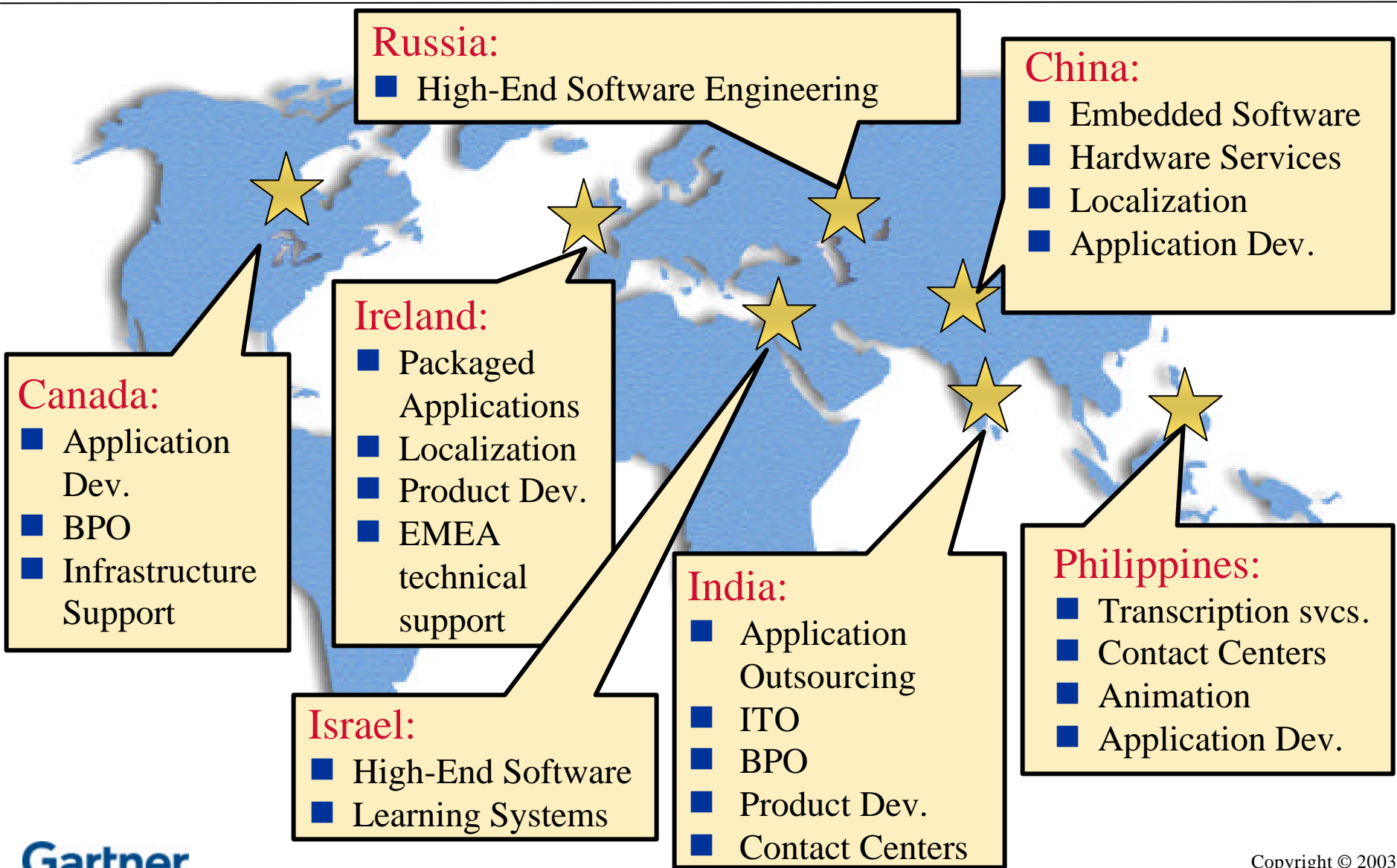
Peak of Inflated Expectations

Trough of Disillusionment

Slope of Enlightenment

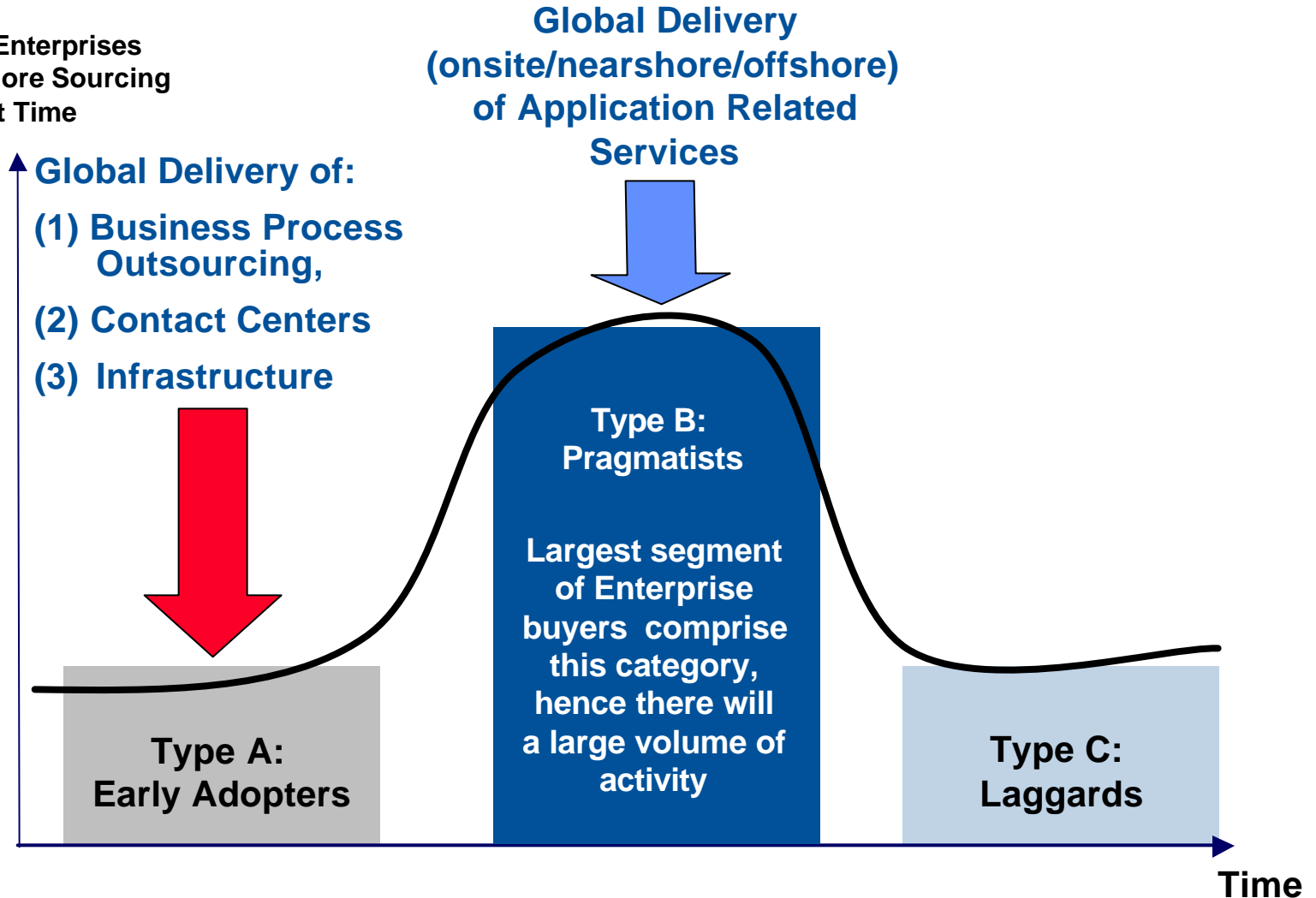
Plateau of Productivity

Country Specialization by Niche

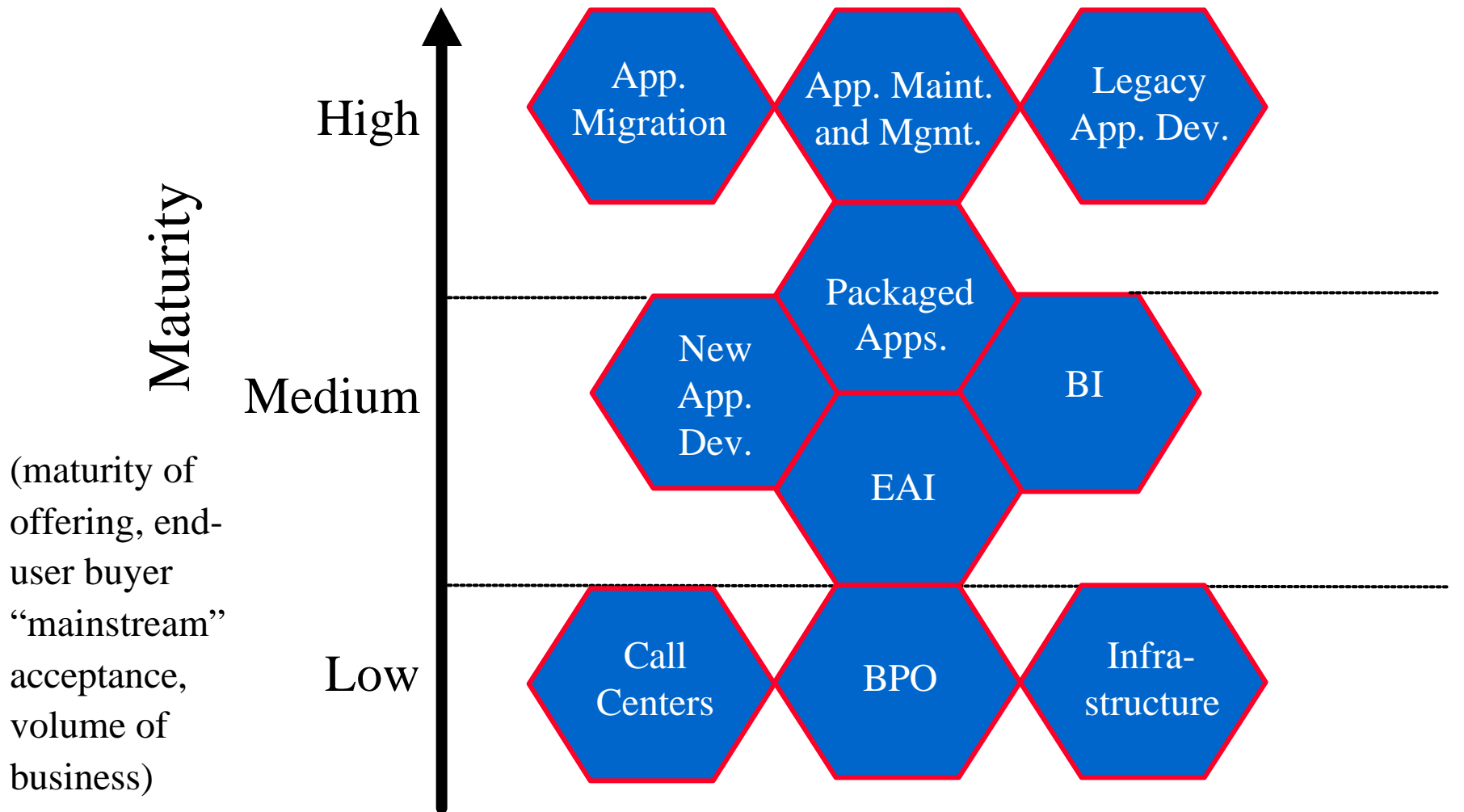


Offshore Goes Mainstream

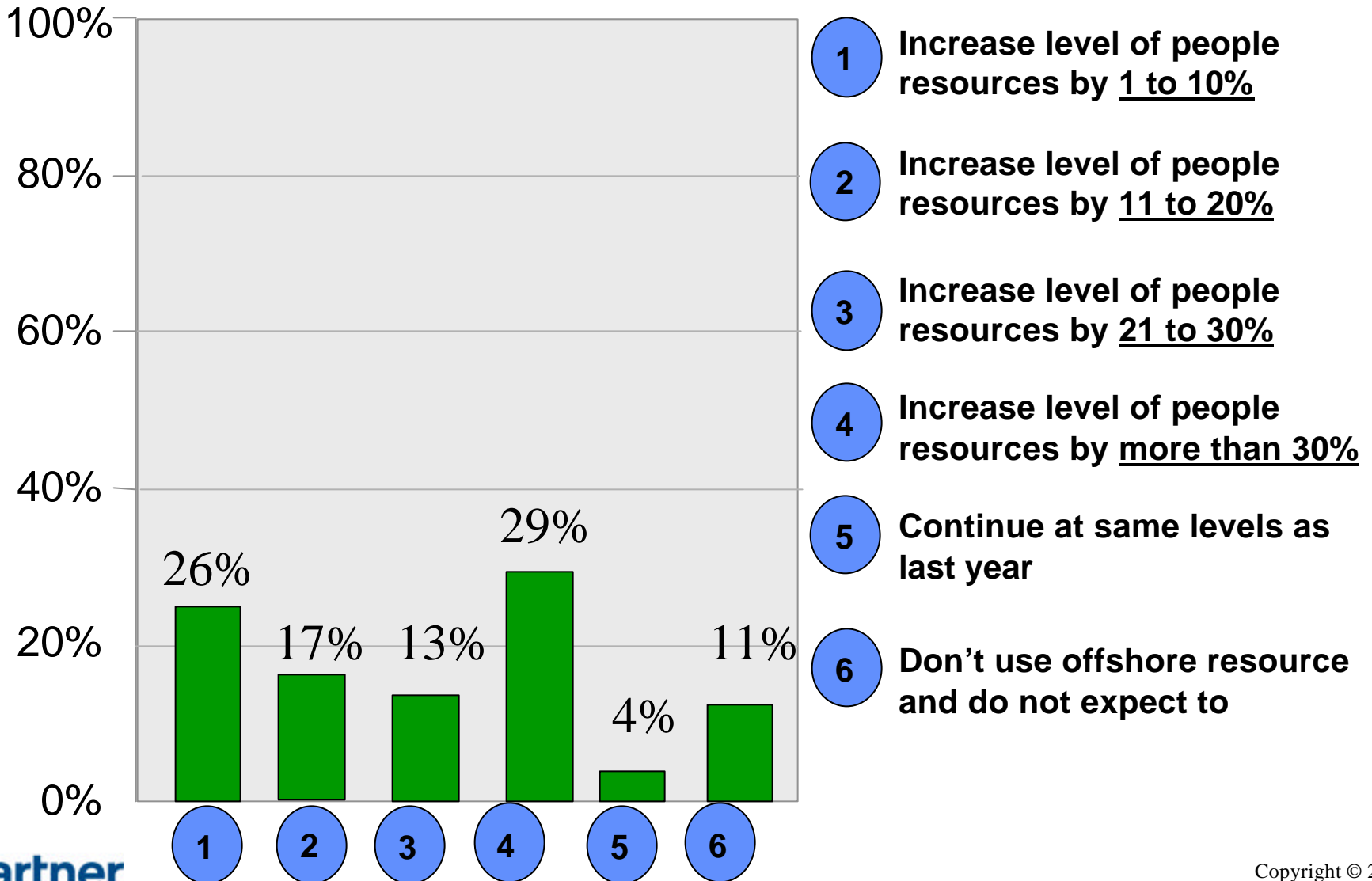
Number of Enterprises
Using Offshore Sourcing
for the First Time



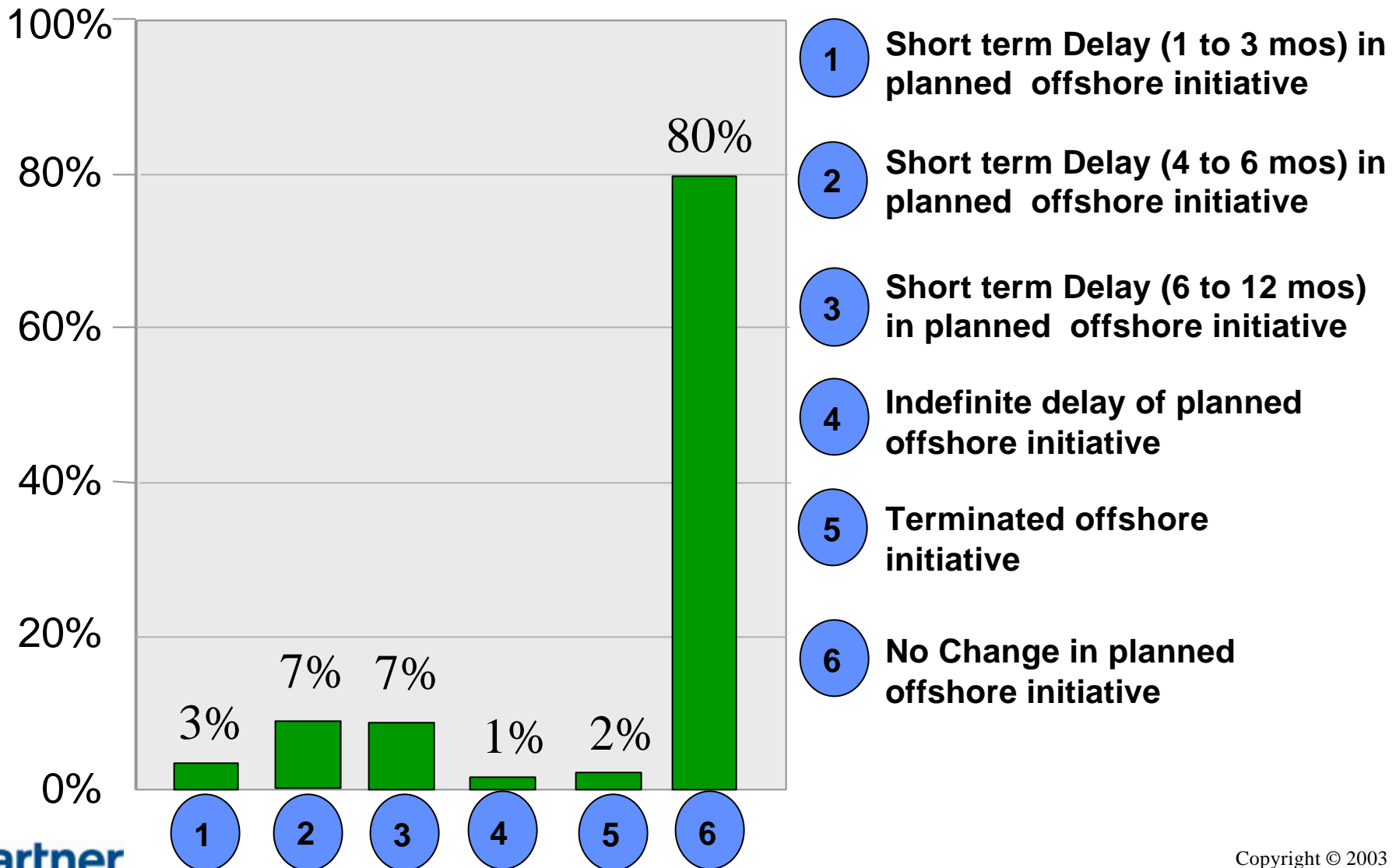
Maturity Levels for GDM



Question 1: In the coming year, will your use of resources (in terms of number of people) located offshore

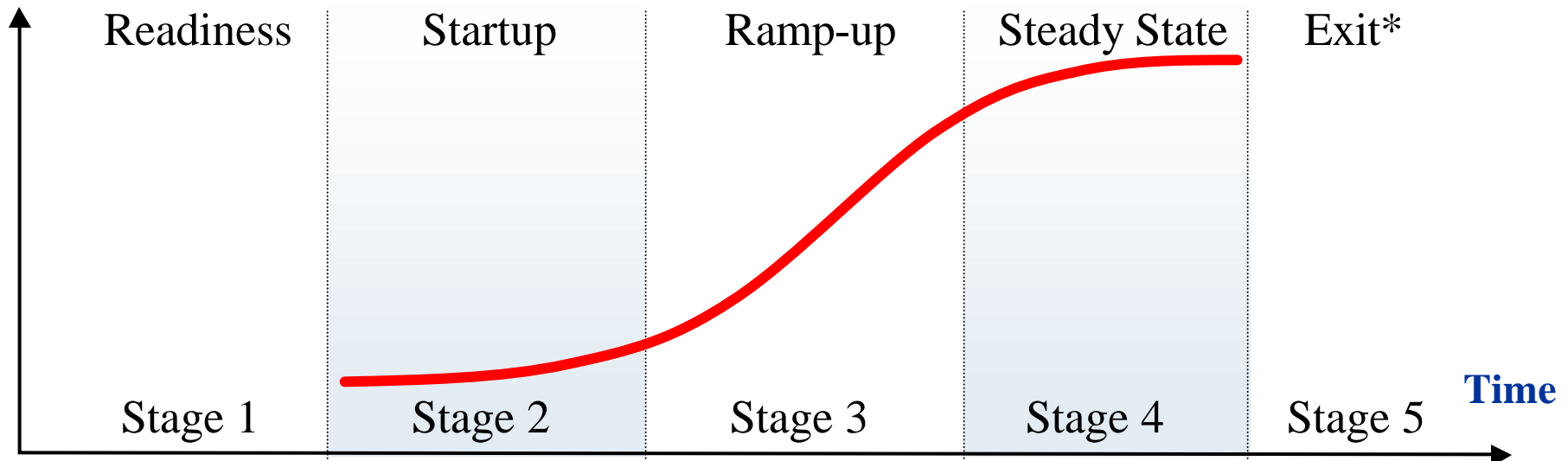


Question 2: How has the press related to job loss in United States caused by the growth of offshore services impacted your decision making?



Risk Assessment & Management

Leverage



- Geopolitical
- Country
- Socio-economic
- Internal
- Due diligence

- Cultural
- Language communications
- Human capital
- Legal/contractual

- Infrastructure
- Knowledge transfer
- Change mgmt.
- Portfolio mgmt.
- Scope change
- Project/process risk

- BCP/DRP
- Security
- Privacy
- Productivity
- Pricing
- Treasury

- Exit plan

*May be by design or on contingency