

**CONTACTS:**

Christy Pettey  
Gartner  
+ 1 408 468 8312  
[christy.pettey@gartner.com](mailto:christy.pettey@gartner.com)

Robert van der Meulen  
Gartner  
+ 44 (0) 1784 267 738  
[rob.vandermeulen@gartner.com](mailto:rob.vandermeulen@gartner.com)

**Gartner Says Alternative Offshore Locations for IT Services Are Emerging as Global Delivery Models Evolve**

***Analysts to Discuss Evolving Global Delivery Models at Gartner Outsourcing & Strategic Partnerships Summit 2012, 8-9 October in London***

Egham, UK, 27 September, 2012 — IT services providers are investing in delivery centres in alternative locations around the world in order to meet the needs of multinational corporations, according to Gartner, Inc. Gartner believes that India’s dominant position as an offshore location is being diluted by effective alternative destinations as more and more countries are considered potential offshore or nearshore locations.

In addition to the 30 leading global locations identified by Gartner,\* analysts said that an additional 50 countries\*\* have either started initial activities to establish an environment attractive to companies considering investing in lower-cost countries, or become home to external service providers that are beginning to sell services abroad.

“Business opportunities are growing in emerging markets, and this is causing organisations to reassess their global delivery choices,” said Ian Marriott, research vice president at Gartner. “They are reconfiguring their sourcing strategies to support a broader geographic footprint as new locations emerge for offshore services.”

Currently, 63 per cent of buyers of IT services use Latin American locations, 55 per cent use locations in EMEA and 63 per cent use locations in Asia/Pacific. Table 1 shows the top three locations in each region. Western European buyers use predominantly India (35%), Poland (21%), Brazil (18%) and China (16%).

**Table 1  
Top Three Most Used Countries for Offshore IT Services by Region in 2012**

Latin America	Percentage	EMEA	Percentage	Asia/Pacific	Percentage
Mexico	50.2	Poland	25.3	India	48.5
Brazil	46.8	Russia	19.2	China	45.9
Argentina	22.1	South Africa	16.6	Malaysia	13.9

Source: Gartner (September 2012)

Mr Marriott said that new and emerging locations such as Brazil, Poland and Malaysia provide valuable additions to providers’ delivery capabilities, though providers do not intend them to replace India. Traditional India-based providers are establishing global delivery models to deliver the right volume of

resources, with the right skills, at the right place, in the right time zone, and at the right price to meet the needs of customers.

Gartner said that these additional locations will gain importance as customers seek benefits beyond cost reduction, and demand more focus on local-language skills, greater cultural compatibility with demand centres, and the benefits of proximity in terms of reduced travel times and same-working-day communications.

“Providers are beginning to de-focus further investments in India and will aim to create critical mass across a number of these centres,” said Mr Marriott. “This will allow them to establish a global delivery network through a combination of common methodologies, tools, processes and procedures, to provide seamless and consistent delivery capabilities to their customers, wherever they are located.”

At the same time, the globalisation of business and business opportunities means that sourcing and operational leaders must carefully consider how their businesses will need to change to operate in different locations, and how these changes can be best supported.

To determine the effectiveness of a service provider’s global delivery model, Gartner uses 10 key criteria: (1) range of services; (2) quality and professionalism; (3) domain expertise; (4) responsiveness; (5) innovation; (6) pricing; (7) delivery process/methodology; (8) knowledge management; (9) contracting practices; (10) commercial flexibility and maturity.

“Despite the widespread use of offshore services, many organisations still struggle to make critical provider choices, and focus on cost as the dominant factor in globally delivered services,” said Mr Marriott. “By focusing on 10 key criteria to evaluate and compare the effectiveness of the global delivery models of potential or incumbent providers they dramatically improve their chances of finding a provider that will meet their broader service needs.”

Mr Marriott will discuss the current and future state of global delivery models at the Gartner Outsourcing & Strategic Partnerships Summit 2012, to be held from 8 to 9 October in London. More information is available at [www.gartner.com/eu/outourcing](http://www.gartner.com/eu/outourcing). Members of the media can register by contacting Laurence Goasduff at [laurence.goasduff@gartner.com](mailto:laurence.goasduff@gartner.com).

Additional information from the event will be shared on Twitter at [http://twitter.com/Gartner\\_inc](http://twitter.com/Gartner_inc) and using #GartnerOUT.

\* Gartner's top 30 locations for offshore services, alphabetically by region, are:

- **Americas:** Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico, Peru and Uruguay
- **Asia/Pacific:** Bangladesh, China, India, Indonesia, Malaysia, the Philippines, Sri Lanka, Thailand and Vietnam
- **Europe, the Middle East and Africa (EMEA):** Belarus, Bulgaria, the Czech Republic, Hungary, Mauritius, Morocco, Poland, Romania, Russia, Slovakia, South Africa, Turkey and Ukraine

\*\* Additional locations with potential for offshore services are:

- **Americas:** Canada, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Nicaragua, Panama and Puerto Rico
- **Asia/Pacific:** Australia, New Zealand, Pakistan, Singapore and Taiwan
- **EMEA:** Algeria, Armenia, Bahrain, Croatia, Cyprus, Dubai, Egypt, Estonia, Ghana, Ireland, Isle of Man, Israel, Kenya, Kosovo, Latvia, Lithuania, Macedonia, Madagascar, Malta, Moldova, Nigeria, Northern Ireland, Portugal, Saudi Arabia, Scotland, Senegal, Serbia, Slovenia, Spain, Tunisia, Uganda and Wales

### **About the Gartner Outsourcing & Strategic Partnerships Summit 2012**

Today's outsourcing is all about meeting business needs by using the right products and services from the right providers in the right locations. CIOs and other senior IT staff and business leaders must strike a delicate balance between meeting business expectations, operating efficient and effective IT-enabled processes and operations, remaining agile and enhancing the customer experience. At the Summit, Gartner analysts will help them achieve business success through sourcing excellence, seize new opportunities through emerging technologies, and create stronger relationships with strategically important service providers.

### **About Gartner**

Gartner, Inc. (NYSE: IT) is the world's leading information technology research and advisory company. Gartner delivers the technology-related insight necessary for its clients to make the right decisions, every day. From CIOs and senior IT leaders in corporations and government agencies, to business leaders in high-tech and telecom enterprises and professional services firms, to technology investors, Gartner is a valuable partner in 12,000 distinct organizations. Through the resources of Gartner Research, Gartner Executive Programs, Gartner Consulting and Gartner Events, Gartner works with every client to research, analyze and interpret the business of IT within the context of their individual role. Founded in 1979, Gartner is headquartered in Stamford, Connecticut, USA, and has 5,200 associates, including 1,280 research analysts and consultants, and clients in 85 countries. For more information, visit [www.gartner.com](http://www.gartner.com).

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